



Daily Report

East Europe

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NATO: Talks on IFOR Withdrawal Not To Begin Until Apr

AU2602205296 Paris AFP in English
2043 GMT 26 Feb 96

[FBIS Transcribed Text] Brussels, Feb 26 (AFP)—Politically sensitive talks on the withdrawal of peace Implementation Force (IFOR) from Bosnia-Herzegovina will not begin until April, NATO ambassadors agreed Monday, diplomats said.

Secretary General Javier Solana suggested to a meeting here attended by NATO ambassadors that withdrawal of IFOR troops should not be discussed until mid-April.

By that date the armies of the former warring parties should have returned to their barracks in line with U.S.-brokered peace accords signed in December.

All 16 ambassadors backed Solana in postponing discussion of the issue which is explosive because of the consequences it could have on the ground.

It is also politically difficult for nations taking part in the multi-national peacekeeping force, the diplomats said. The question of the retreat of IFOR, whose mandate is in theory for one year, unleashes various other vexed issues over whether the mission should be extended, for example.

Until now, European countries have said they will withdraw their troops at the same time as the United

States. Washington has limited deployment of its troops to one year because of the U.S. presidential elections scheduled to take place in November.

Some sources are already suggesting that NATO troops from European countries should be maintained in Bosnia-Herzegovina, with the support of other non-member states.

In this situation, the Europeans could look to the U.S. for infrastructure, command, communication and logistic support.

Should this come to pass, it would back the idea of NATO's having a European defence function, which is ardently supported by France, but the idea has been neglected since it was voiced in January 1994.

IFOR became fully operational a week ago, and Operation Concerted Effort has since entered a phase of "consolidating" peace.

On Monday, Solana said that so far the operation was a "success," and said he favoured lifting economic sanctions against Bosnian Serbs.

According to a diplomatic source, the North Atlantic Treaty Organization at the weekend sent a report to the United Nations, saying that Bosnian Serbs were respecting the peace accords and therefore paving the way for the security council to lift sanctions.

Albania: Berisha Blames Bombing on 'Former Secret Police'*AU2602142096 Paris AFP in English
1343 GMT 26 Feb 96*

[Report by Briseida Mema]

[FBIS Transcribed Text] Tirana, Feb 26 (AFP) — At least four people were killed on Monday [26 February] and some 20 were injured when a car bomb exploded in front of a supermarket in the center of Tirana, the official Albanian radio station and hospital sources said.

Witnesses said that the blast sparked a fire at the Vefa Holding supermarket located on the first floor of a nine-storey building. One hour after the explosion at 9:30 a.m. (0830 GMT), police were still sifting through the rubble in search of possible additional victims.

One woman slightly injured in the blast told an AFP reporter that she managed to escape but several of her friends were trapped inside the store. "I was able to get out because I was on the second floor of the building," said the 19-year-old who gave only her first name, Tatiana. The supermarket belongs to Vehbi Alimucaj, who is reputed to be the richest businessman in Albania with a fortune worth some \$50 million. Police sources, who had earlier reported that five people had died, said the booby-trapped car did not have license plates.

Albanian President Sali Berisha rushed to the site of the blast and blamed the country's former secret police, Albanian radio reported. Berisha was quoted as saying that the explosion was a "barbaric and fascist attack organized by members of the former secret police and by those who encourage car bomb attacks."

The secret police which operated under the communist regimes of Ramiz Alia and his predecessor Enver Hoxha, has been blamed for several acts related to sabotage.

Alia was arrested earlier this month on several charges, including genocide, murder and massive deportation. The arrest was made under a law on "genocide and communist crimes" that was adopted in September by parliament. The charges against him include the shooting deaths of Albanians who tried to cross the border illegally between 1990 and 1992. He is also accused of being responsible for the massive deportation of citizens for political reasons in 1982 to 1986, when he was head of the People's Assembly.

More than 30 former senior members of the communist regime have been arrested since December under the "genocide and communist crimes" law.

Albania: Officials Comment on Tirana Bomb Attack*AU2602202596 Tirana Radio Tirana Network
in Albanian 1430 GMT 26 Feb 96*

[Report by correspondent Zamira Koleci, including recorded statements by Albanian President Sali Berisha, Prime Minister Aleksander Meksi, Health Minister Maksim Cikuli, Deputy Prosecutor General Fatos Dervishi, unidentified doctors, the wounded, and citizens]

[FBIS Translated Text] A barbarous act, organized by segments of the former communist secret police, occurred at one of the Vefa company supermarkets in the center of Tirana this morning. Three people are reported dead and 30 injured. Thirteen of them are receiving medical treatment at the University Hospital Center and seven others at the Military Hospital.

Interior Ministry sources confirm that the dead are Vera Dume, Muharrem Koromani, and Refik Islami. Here is a report from correspondent Zamira Koleci:

[Koleci] An unprecedented terrorist, barbarous, and destructive act occurred in the center of Tirana at 0915 this morning. A powerful car bomb exploded at the entrance of the Vefa supermarket exacting a tragic toll. Three are reported dead and many injured, some of whom are in a very serious condition. Expert investigations carried out so far reveal that the explosive was planted in a car parked at the supermarket's entrance. The explosion completely destroyed the interior of the building, which was engulfed in fire following the blast. All the windows of the nine-story building were broken. The malls and the houses nearby have been badly damaged; occupants, extremely shocked, are unable to speak. Many of them were at work at the time of the blast and, on being notified, rushed home to face the shocking incident.

Competent authorities from the Interior Ministry and the Prosecutor's Office arrived at the scene of the tragic event immediately. President Berisha arrived an hour later.

[Berisha] This constitutes a most serious terrorist act and was carefully planned by professional criminals, who for a long time have called for, in their media, the planting of car bombs in the capital. With our laws, however, we will stand firm so that they will get the response they deserve.

Such ugly crimes always have many dark aspects, and the fact that the perpetrators acted near a supermarket is also significant. The market was chosen in order to inflict the utmost damage, to kill. It was meant to kill as

many as possible with a car bomb to achieve the most destructive effect. This was the goal of the bombing.

I want to guarantee the families of the victims, the people, and all citizens that we will take all measures to identify and punish the criminals, stop terrorist activity, and exclude the likelihood of future acts. Terrorism is a manifestation of a serious ailment of ultranationalist, intolerant, and extremist psychology. Terrorism arouses only indignation, disdain, and hatred.

[Koleci] Only moments after the shocking event, Prime Minister Aleksander Meksi and Interior Minister Agron Musaraj arrived at the scene. According to preliminary reports, the explosion was the result of powerful explosives planted in a Fiat Tipo car parked close to the supermarket. The public order forces who came to the scene immediately gave first aid to the wounded, 19 of whom were sent to the Surgery and Military Hospitals. President Berisha visited them:

[Unidentified woman, crying] I remember nothing.

[Berisha] You will get better. We are ready to render any kind of assistance.

[Woman] They are all so good, so good.

[Berisha] Very good.

[Second unidentified woman] We have had enough of killing, enough persecuted people were killed, Mr. Berisha. No more torment for the persecuted, Mr. Berisha. They killed us. [Words indistinct]

[Berisha] We should remain calm.

[Second woman] Because we suffered our whole life, we cannot stay calm.

[Berisha] We will find the culprits and make an example of them in conformity with the law.

[Second woman] We do not want blood now, we do not want blood now. Where can I find my daughter? Please help me. She is Vera Dume.

[Third unidentified woman] I do not know. [Words indistinct] they said... exploded. It finished and I do not know. I do not remember anything afterwards.

[Berisha] I wish you a good recovery.

[Koleci] Meanwhile, doctors at the Military Hospital report on the condition of the patients there.

[Unidentified doctor] Six wounded were brought to our hospital, two of whom died, they were in a coma by the time they were brought here, based on their extensive injuries. Four others, among them are two women, are out of danger, despite their injuries. Two other men are also out of danger due to the medical assistance given.

[Second unidentified doctor] In the orthopedic ward, only one person, due to the great pressure of the blast, suffered fractures in both legs. His general condition is good, he is out of danger.

[Koleci] Health Minister Maksim Cikuli told Radio Tirana:

[Cikuli] The blast was a terribly ugly act that killed people. We are working in both the civilian and military hospitals. You saw for yourself — two died, while another person was dead on arrival at the civilian hospital. There are many wounded, from slight injuries to very serious ones. The doctors are dealing with them and treating them properly. I can assure the families of the wounded that those who are hospitalized are being properly treated. They are in safe hands.

[Koleci] Experts are continuing their investigation to ascertain the perpetrators of this ugly crime. The General and Tirana Prosecutor's Offices are leading the investigations. Vice Prosecutor General Fatos Dervishi told us:

[Dervishi] The Prosecutor's Office that was closest to the scene of the bombing was immediately placed on alert, including the prosecutor general and other colleagues who are directors of directorates. In cooperation with the Tirana Prosecutor's Office and police forces from all the commissariats and the Interior Ministry, we have the situation in hand and are continuing to investigate the incident. For the time being, we cannot say whether the bomb was planted yesterday, but as everything happened so fast, it means that the actions by those terrorists were very swift. Normally, in the long run, the experts will decide on what kind of explosive was used, how it was planted, the amount of explosive, the manner and mechanism of explosion, etc.

[Koleci] Regarding the shocking situation in the capital today, Prime Minister Meksi said:

[Meksi] In my opinion, this is an extraordinary event in the sense that in Albania such acts of pure terrorism — which have nothing to do with settling accounts, damaging a company, or the usual acts among criminals — never happen. These are terrorist acts that should be condemned because they occurred in the middle of the day with the distinct aim of killing passers-by. It is, of course, understood that the explosion was aimed at destabilizing the political, social, and economic life of Albania.

The state, its organs for the repression of crime, and other bodies have been mobilized to identify those who have committed the crime and those who may have hired these criminals. The government will work until this issue has been resolved.

I would tell the Albanians to be calm, as the criminals will be caught and punished. At the same time, I express my condolences to the families of the victims, three so far. I also wish a speedy recovery to the 24 wounded. For our part, we have made sure that they are receiving the best medical assistance available and have sent one of the injured abroad due to the seriousness of the injuries.

I think that all the people should clearly understand that the society we are building is based on justice and safety, and delinquents such as these should realize that they are opposing a people and a rule-of-law state and that they will suffer all the consequences that the law permits. Once again, I call on all Albanians to be calm.

[Koleci] Mr. Prime Minister, on the eve of elections, what measures does the government plan to take to prevent these tragic events from ever happening again against completely innocent people?

[Meksi] The government will reinforce its work to prevent crime by investigating all delinquents, asking the authorities to enforce strict measures in conformity with the law against all criminals and all those who keep arms in violation of the law, using any means to retrieve them after being confiscated by the government. We would ask the president of the Republic and the parliament to investigate the judicial measures taken so far against the delinquents.

On the other hand, the election campaign should, of course, not be undermined by these delinquents, and we should not allow them to interfere in the political life of the Republic and impose their evil will on our system of justice. As I told you before, the government is determined not to allow this to happen.

[Koleci] Meanwhile, dear listeners, we have learned that, at 1530 today, Sali Berisha, the president of the Republic, summoned the Cabinet headed by the prime minister to the Presidency to discuss measures to find the perpetrators of this crime committed in the middle of the day in the center of the capital.

Albania: Cabinet Offers Reward for Information on Bombers

AU2602204496 Tirana TVSH Television Network in Albanian 1735 GMT 26 Feb 96

[Report by Vjollca Vokshi]

[FBIS Translated Text] President of the Republic Sali Berisha summoned the government to an urgent meeting today following the terrorist act this morning that caused serious and painful consequences to our citizens.

At the meeting, the government condemned the grave and barbarous act that claimed the lives of innocent people and was meant to destabilize the country. The government assures the people that all the necessary measures have been taken to identify the criminals and bring them to justice. The government is convinced that Albanian justice will hand down the maximum punishment under the laws of the state.

At the same time, the government has taken all measures to guarantee the everyday life, normal activity, and property of Albanian nationals. The government calls on citizens and all political groups to condemn this evil act and cooperate actively to catch the culprits and prevent similar acts.

The government is on full alert to render assistance and comfort the wounded and the families of the victims. The government expresses deep condolences to the families of the victims, wishes a speedy recovery to those injured, and will assume responsibility for the material consequences created as a result of this grave terrorist act.

The government also places 5 million new leks at the disposal of relevant authorities for anyone who will identify the culprits of this barbarous act, which is supported by professional segments of the former secret police and apologists.

Albania: Location, Size of Tirana Car Bomb Noted
AU2602215596 Tirana TVSH Television Network in Albanian 1900 GMT 26 Feb 96

[Report by Timo Luto]

[FBIS Translated Excerpt] [passage omitted] According to specialists, the car containing the bomb had been parked about 2 meters away from the supermarket in the area overlooking Diber Street. It is thought to have contained approximately 50 kg of explosive. At the site of the explosion, a crater was formed and the force of the explosion threw the car 10 meters away, turning it into scrap.

The supermarket has been completely destroyed, and the explosion has ruined nearby buildings. Some damage is seen in the entire surrounding area. A carbonized corpse remains inside the supermarket. It was impossible to identify the victim. [passage omitted]

This is the first, the biggest, and most serious crime of its kind in our country. All the inhabitants of the neighboring apartments, which have sustained significant damage, and the employees and owners of the buildings are extremely shocked and alarmed. [passage omitted]

Albania: Bomb Death Toll Rises; Third Suspect Arrested

AU2702112696 Paris AFP in English
1023 GMT 27 Feb 96

[FBIS Transcribed Excerpt] Tirana, Feb 27 (AFP) — A car bomb blast outside a Tirana supermarket left four dead and 26 injured, according to a new toll Tuesday by the Interior Ministry which said a third person linked to the former secret police had been arrested.

The ministry said a fourth person had died from wounds late Monday, after the attack earlier in the day.

It said two ex-officers and a "collaborator" of the secret police, or Sigurmi, under the old communist regime had been arrested Monday in the capital. Earlier reports had mentioned only the two former police officers. [passage omitted]

The identities of the three suspects were not released. [passage omitted]

Bulgaria: Lukanov Denies Part in Anti-Government 'Plot'*AU2602143396 Sofia PARI in Bulgarian 23 Feb 96 p 6*

[Interview with Andrey Lukanov, member of BSP parliamentary faction and former Bulgarian prime minister, by Iglia Goranova; place and date not given: "Topenergy Is Only One of Our Power Supply Elements"]

[FBIS Translated Excerpt] [passage omitted] [Goranova] In his letter to the Supreme Council of the Bulgarian Socialist Party [BSP] Mikhail Danov mentioned your name as one of the people who are plotting against the prime minister. You asked the Commission on Party Control to hear your side on the matter. What will you tell them?

[Lukanov] I requested this not to defend myself. I do not think that it is necessary to deny so typical a Stalinist denunciation as Mr. Danov's letter. It contains no facts or data. He claims what he claims to protect his own interest and the interests of his circle of friends. I asked the commission to hear what I have to say because of my concern with the return of such habits in Bulgarian public life. In 1990 I harbored the illusion that neo-Stalinism is dead. Apparently, I was wrong, because the campaign that is being organized in an attempt to show that there is a plot against the socialist government, and that the plot is organized within the BSP, is a campaign in the style of Beria. Furthermore, the campaign is being conducted by experts, although perhaps not the best experts.

[Goranova] Perhaps you have been targeted because of your strong economic influence?

[Lukanov] This is an illusion that has been implanted in the last five years. Now it has even grown roots, but this does not make it true. I have no influence beyond my modest possibilities as a member of the National Assembly. The campaign's goal is to protect the selfish interests of certain groups, which are hiding from public criticism and control under the wings of the BSP, and therefore it is convenient for them to present this public criticism as an attempt to destabilize the BSP. The BSP could damage itself if it allows itself to identify such people with the party. I hope that its 100-year-old wisdom will prevent the BSP from making this mistake. [passage omitted]

[Goranova] What are the government's weak points?

[Lukanov] The crime, corruption, not only as one variety of the criminal activity but as a factor that is corroding our statehood, the structural reform, the growing crisis in the banking system, the need to stimulate agriculture, and the need to restore industrial

growth and the investment activity. We must also remember the acute social situation. I think that the government and the Democratic Left parliamentary faction are demonstrating their social responsibility through many of their actions.

[Goranova] Are you satisfied with the attitude of the rulers toward the private entrepreneurship? When will the BSP hold a plenum on the national capital?

[Lukanov] We are indebted to the private entrepreneurs, both regarding the adoption of relevant legislation and organizing contacts and a dialogue between the rulers and the entrepreneurs. It must be clear that without mobilizing the entrepreneurs' possibilities and finally freeing the initiative of the small and medium-size businessmen we will not be able to ensure the lasting preconditions of economic growth and resolving the country's social problems. [passage omitted]

Bulgaria: Cabinet Press Chief Explains Orion Links*AU2602173496 Sofia TRUD in Bulgarian 21 Feb 96 pp 9, 10*

[Interview with Krasimir Raydovski, head of the Government Press Center, by Sevda Dinovska; place and date not given: "My Tongue Is Frivolous, But I Am Really Shy"]

[FBIS Translated Excerpt] [passage omitted] [Dinovska] Mr. Raydovski, you claim that someone stands behind the attacks on the Videnov government. Who is it?

[Raydovski] I will remind you again that I am not a politician, but a humble official in the Council of Ministers, as I have already been described in the press, and as such I cannot make political assessments. However, I might answer you as a citizen. There are no attacks against Zhan Videnov. They constitute mere sniping and, strange as it may seem, indicate that the government's policies are correct. The government enjoys real public support in the political scene. The condition of the economy that it inherited compels it in some cases to take unpopular measures, but this is normal. Videnov's successes in the economic sphere, in social policy, and foreign policy are indisputable. Anyone who does not want a strong government that really governs in the interest of the state and limits some people's personal interests will always find grounds for attacks on it, but in so doing only reveals his own political impotence.

[Dinovska] Your name also gained notoriety in connection with the revelations about the Orion "group of friends."

[Raydovski] This phrase "group of friends" was taken out of context from a reply made by Videnov during a

news conference at the Council of Ministers. This is yet another example of journalistic incorrectness. Videnov never said that this circle is his own circle of friends. He said that the so-called Orion group comprises companies owned by persons who are related or are friends, but Videnov has no place in these relations.

[Dinovska] You constantly talk about journalists behaving incorrectly. What sort of journalists do you like, Mr. Raydovski?

[Raydovski] They should observe the elementary rules of good behavior and be objective. In principle, I am a correct person and support the same attitude in others. However, anyone who acts incorrectly towards me cannot expect me to respond in a polite way. I can cite examples of how your colleagues prepared articles on the basis of personal conversations with me. Many of them have free access to my office, see materials on my desk, and use this information.

[Dinovska] Let us return to the Orion affair. What is your position in Orion and what are your personal relations like with Rumen Spasov?

[Raydovski] It is true that I was in some of Rumen Spasov's companies. We have been friends since childhood. I can even say that he is my closest friend. Incidentally, this is recorded in the denunciation that the former Bulgarian ambassador to Greece Bogdan Bogdanov made to the Foreign Ministry in 1992, which was also mentioned in "that list" of former collaborators with State Security. When I lost my post in the Foreign Ministry, Rumen offered me a job. However, since I understand nothing about business, I performed technical and organizational functions.

[Dinovska] However, you were also his associate in some of his companies.

[Raydovski] Yes, but only formally. Rumen was deceived on several occasions by his own associates, so he needed a man whom he could trust. Until 1982, when his father Mircho Spasov was removed from his post as head of a department in State Security, Rumen was always the center of attraction in a wide circle of friends. I myself was used as an intermediary in establishing relations with him by many people whose names I do not want to mention, so as not to embarrass them today. Some of them are in top positions today, others of them are directly under President Zhelev and went on hunting trips with Rumen.

[Dinovska] Who pays for your mobile phone? You clearly could not afford it on your pay as a government official.

[Raydovski] Rumen took my car and my mobile phone when I started work at the Council of Ministers. I have always had friends, and at the moment I use mobile phones supplied by people with greater capabilities. My colleagues are well aware that I have changed my mobile telephones several times. Do you know why? Because none of the owners of the phones received anything for paying my bills. I have received proposals but declined them because I knew in advance what this "good turn" would cost. Incidentally, Krasi [Krasimir] Stoychev (editor's note: boss of the Tron company) also offered me a so-called lemon [mobile telephone]. The one that I am using at the moment belongs to the Council of Ministers.

[Dinovska] Are you not very well acquainted with Pavel Trenev, the notorious dealer of the Central Cooperative Bank?

[Raydovski] Of course I know him, we have been friends since childhood. The "Trenev case" is also a fabrication and forms part of the "Oriongate" affair. However, I sincerely regret that Ivan Kostov allowed himself to be hoodwinked and manipulated in the same way as happened in the case of the "Sapio" affair and the honorary Bulgarian consul Copola. In my view, these are one and the same people who look for needles under haystacks in their desire to discredit the prime minister.

[Dinovska] People say you do not especially like Atanas Tilev, the chief of the Agricultural Credit Bank. He has even threatened you with a court action.

[Raydovski] I do not know the person Atanas Tilev, nor the truth about him. What I do know, however, is that about two months ago, the banker Atanas Tilev received a loan from the Biokhim Bank of 1 million German marks, plus 1 billion leva from the Bulgarian National Bank. There is a decision to grant him a second billion, of which 300 million leva has already been transferred to him, in return for his readiness to amend the bank's statute and make changes in the bank's Board of Directors. I do not know why Tilev blocked the accounts of the state companies or what he was hoping to achieve by so doing. If you want to know about Tilev, ask his group of friends, who are well known. As regards Tilev's accusations that I took part in some anti-Tilev campaign that he dreamt up himself, they are simply ridiculous. [passage omitted]

[Dinovska] It is said that you are the shadow interior minister and that Lyubomir Nachev's secretaries report to you first and then to their minister.

[Raydovski] My post is purely administrative. I organize, either myself or through subordinates, the media appearances of the Council of Ministers and the prime

minister. I have no idea why, but some of your colleagues have decided that I am Videnov's adviser, which has nothing to do with my job description. It is stupid to talk about a shadow interior minister or to say that Nachev's subordinates report to me. Minister Nachev is very well aware that no one can be his shadow. As for the suggestion that his subordinates come to me, well, I have already told you that I do not reject my friends, nor are they guilty because they have known me for ages. Should Nachev dismiss some of his secretaries because of this or should I put my relations with them in "cold storage"? I do not use ice because I stopped drinking many years ago. [passage omitted]

[Dinovska] How long will you continue to interfere in the affairs of Bulgarian National Television?

[Raydovski] I have known [chief of National Television] Ivan Granitski for many years and we have good relations. However, he answers to parliament and the parliamentary media commission, and no one is able to interfere in his personnel policies. The fact that I was a television correspondent in Cairo from 1970 to 1974 does not mean that I am a staffer in Bulgarian National Television. Here we are again entering the mad world of intrigue. [passage omitted]

Bulgaria: Kostov To Reveal Documents on Orion Activity

AU2702090996 Sofia SEGA in Bulgarian
22-28 Feb 96 p 6

[Unattributed report: "Kostov Gives 'Orion' to BSP Controllers"]

[FBIS Translated Text] A blue [Union of Democratic Forces] official could enter 20 Positano Street [Bulgarian Socialist Party headquarters] for the first time next week if Union of Democratic Forces [SDS] leader Ivan Kostov keeps his word and gives the Bulgarian Socialist Party [BSP] controllers material on "Orion."

I want a meeting with Sashka Karakasheva's Control Commission to hand the commission all documents related to the activity of the scandalous group, the SDS leader said. He decided to take this step after it became clear that Aleksandur Lilov and Krasimir Premyanov would not open their mouths about "Oriengate," despite the fact that they have had all the incriminating documents since last year.

Hardliners in both parties' headquarters suspect that Kostov has entered a collusion with the Socialists aimed at toppling the cabinet. This suspicion was prompted by the blue leader's statement, according to which Videnov will have to dissociate himself from "Orion" or be removed. Kostov thinks that the scandal's related

to "Orion" are only one stage in the war between the "two kinds of former Secret Service agents in the BSP." According to him intelligence and counterintelligence are trying to divide the spheres of influence within the BSP.

Kostov appears to be concerned with the BSP parliamentary faction. Videnov's mafia has completely sunk its teeth in the executive power and already also controls the parliamentary majority, the SDS leader said to his constituencies in Yambol and Sliven. Kostov even named the prime minister's circle of friends. According to him Krasimir Raydovski, Lyubomir Kolarov, Mikhail Danov, and National Assembly members Zlatimir Orsov, Nikola Koychev, and Kiril Zhelev are involved in "Oriengate."

Kostov sees two ways of overcoming the executive power crisis: The first involves the formation of a coalition government in which the BSP will have to include other parliamentary forces, the other is forming a new leftist cabinet. The second way is Aleksandur Lilov's prescription for overcoming the crisis.

Bulgaria: SDS Search for Presidential Candidate Viewed

AU2602183796 Sofia DUMA in Bulgarian 22 Feb 96
p 7

[Commentary by Milena Nikolova: "The SDS Is Preparing Its Presidential Candidate 'a la Sofiyanski'"]

[FBIS Translated Text] The recent talks between the opposition parties have proved two things — namely, that there will most likely be two candidates for the presidential elections. The name of one of them will certainly be Zhelyu Zhelev. Proof of this is the fact that the Movement for Rights and Freedoms [DPS] and the People's Union are permanently in contact with the current president.

Whom the SDS [Union of Democratic Forces] coalition chooses for its next candidate is of almost no importance. Divided as it is, the opposition is likely to split further on the issue of who should be its head of state. Zhelev himself is ready to sacrifice the interests of the SDS, People's Union, and the DPS for his own careerist ambitions. The present head of state evidently does not want to be consigned to the history of Bulgaria's dissident movement and is keen on remaining at the top like Todor Zhivkov.

Within the SDS, confusion reigns. Kostov has already received a party order to preserve the integrity of the blue [SDS] coalition, regardless of the presidential election results. He also has another instruction, given to him by F.D. [former SDS leader Filip Dimitrov]—not

to run as SDS candidate for the presidency. If he is lured by the prestigious post, Aleksandur Yordanov is bound to set his eyes on his present post, and this will mean the end of the Union of Democratic Forces that everyone knows. At the moment, three possible SDS presidential candidates are emerging: Aleksandur Yordanov, Asen Agov, and Petur Stoyanov. The first, known as Big Al, will have to fight the last two, who represent the "new wave" in SDS democracy. According to SDS leaders, the tendency is to look for a candidate like Stefan Sofiyanski, [SDS mayor of Sofia] who should be good-looking, with a smile on his face, and have a well chosen team. The new faces who have displaced the old guard in the SDS headquarters will probably also launch an attack on the presidency. It is also possible that the presidency may turn out to be Aleksandur Yordanov's last political refuge if he manages to defeat the "young Turks."

Bulgaria: Commentary Views on KNSB's Move to Left

AU2602142596 Sofia DUMA in Bulgarian 23 Feb 96 p 7

[Commentary by Stefan Severin: "KNSB and the Left Side of the Political Spectrum"]

[FBIS Translated Text] For the next three years the KNSB [Confederation of Independent Trade Unions in Bulgaria] will work to gain control of the free space on the left, KNSB leader Professor Krustyu Petkov announced at a news conference to mark the sixth anniversary of the confederation's formation. Prof. Petkov added: The KNSB is not a trade union confederation of the BSP [Bulgarian Socialist Party], but by taking control of the left side of the political spectrum, it will be able to influence the political forces that have either occupied the center and left-of-center or are trying to. The crisis that overwhelmed the trade unions last year requires each of them to define its political affiliation.

The professor acknowledged that so far the KNSB has openly avoided publicizing itself as a left-wing organization, to escape accusations of being a communist trade union.

In fact, if the KNSB wants to be a viable trade union organization now and in the future, it has no other alternative to acquiring a lasting presence on the left of the political scene, for, to put it simply, the masses of the people are here. From a very long time now, all the political forces, even overtly right-wing parties, have been playing games with the left of the political spectrum. This trend became particularly marked after the Democratic Left won the parliamentary elections in December 1994. The SDS [Union of Democratic Forces], DPS [Rights and Freedoms Movement], and the People's Union immediately declared themselves to be fierce defenders of the tormented people and launched a furious attack on the cabinet.

The KNSB leadership admitted in Plovdiv that since September last year it had arranged hundreds of meetings with the BSP electorate. It even claimed credit for the disappointment with the government's "right-wing" policies and its sluggishness in combating crime. However, in its fight to conquer the enticing "left side" of the spectrum, the KNSB will not be very fastidious. The trade union is like a church, in that anyone can join it, Krustyu Petkov said, and stressed that people from the electorates of other parties will be welcome as members. The idea of definitively publicizing its left-wing orientation arose as long ago as last May, but has only now been announced officially. The KNSB leader did not hide the fact that three weeks previously he had met the strategist Lilov and that the confederation's move to the left had been one of the subjects discussed at the meeting. As far as Podkrepa is concerned, Petkov's personal view was that Trenchev will not return to the SDS, for the simple reason that SDS headquarters regard Podkrepa as a political rival.

Czech Republic: Zieleniec Condemns Bombing in Israel

LD2602184996 Prague Radiozurnal Radio Network in Czech 1700 GMT 26 Feb 96

[Statement by Czech Foreign Minister Josef Zieleniec; place and date not given—recorded]

[FBIS Translated Text] Attacking civilian victims, killing and mutilating innocent people is something that goes far beyond what the civilized world is prepared to accept as a legitimate political struggle.

I am convinced that there is no other way than to continue the peace process, to follow the path of consensus—and this applies to the current situation in Israel and in the entire Middle East region.

The attack was aimed against those on both sides who want peace. It is the responsibility of all participating parties to strive for peace. I am convinced that all parties are aware of their responsibility.

Czech Republic: Klaus on Russia's Anti-NATO Stand

AU2602160296 Prague DENNI TELEGRAF in Czech 23 Feb 96 p 3

[Interview with Czech Prime Minister Vaclav Klaus by Tomas Chalupa; place and date not given: "Russia Is Influencing the Thinking of Our Neighbors"]

[FBIS Translated Excerpt] [passage omitted] [Chalupa] During German Chancellor Kohl's visit to Moscow, the Russian president made it clear that Russia is categorically opposed to NATO enlargement. Foreign Minister Zieleniec has said in response to this that Russia cannot have the right of veto. Nevertheless, could Russia's constant "nyet" hold back our entry into the alliance and thus delay our entry into European structures? And how do you view Kohl's initiative to create a European security system without the United States and with Russia?

[Klaus] I have to say that we have, I think, already said enough about the importance of transatlantic cooperation and that of U.S. involvement in Europe's—and therefore our—security. This is an issue that we have emphasized again and again. So, I would not be an advocate of a separate European security system, even a system, into the bargain, somehow interlinked with Russia. Europe, if we measure it from Gibraltar to the Urals, is an enormously heterogeneous unit, and, therefore, only such heterogeneous institutions as, for instance, the Council of Europe must correspond to it. The Organization for Security and Cooperation in Europe is indispensable, but I do not think that Europe is

in any way capable of a more profound level of institutional association. This is simply the reality, and there is no reason for us to regret that this is the case. There is not the slightest doubt that Russia's emphasis on NATO nonenlargement is having an influence on the thinking of our Western neighbors, and I would ask that no one try to persuade himself that it could be otherwise.

[Chalupa] What role does listening to the views of, for instance, Mr. Yeltsin on the elections in Russia and on the continuation of the democratic reforms play in this?

[Klaus] These elections play a role on the two sides—on that of President Yeltsin and that of Western politicians. Yeltsin certainly wants to win the elections, and he pronounces words and phrases out loud that have to sound attractive to the Russian voter. But, on the other hand, it is obvious, and all Western politicians are making this patently clear, that they all prefer the known quantity of President Yeltsin to some unknown—potentially new—candidate, who would introduce completely new elements into everything. Interest in maintaining the status quo prevails here. [passage omitted]

[Chalupa] The rippled surface of Czech-German relations is starting to be an inseparable preelection winner for some political parties. In what way will the Civic Democratic Party bring the Sudeten bogeyman into the election period?

[Klaus] I am trying very hard—and I am also appealing to all of the chairmen of the political parties—not to attempt to draw this card into the election campaign because to feed off this or that strong word or the natural concern of the smaller Czech state about its bigger neighbor is really very cheap and, chiefly, very bad.

Czech Republic: Ministry Drafts Law on Data Protection

AU2602143996 Prague MLADA FRONTA DNES in Czech 24 Feb 96 p 2

[Article by "(ina, km)": "The New Law Should Prevent the Leak of Classified Information"]

[FBIS Translated Text] The Interior Ministry has drafted new norms for protecting classified state information and for handling it, without which it would be impossible for the Republic to apply for membership in the European Union and the North Atlantic Alliance. The department will submit the principles of the law on protecting classified information—which should guarantee better protection for strategic state information—to the government's Legislative Council next week.

The Republic has been obliged to draft the law because, at the moment, NATO does not have complete confidence in the Czech system for protecting classified information. Last year, it indirectly called upon the authorities in this country to alter their approach to working with classified military and economic information.

"The North Atlantic Alliance and the European Union countries will give us classified information; of course, only under the prerequisite that we are really able to protect it. Therefore, we have to unite our protection system with NATO norms," said Vavrinec Korcis of the Interior Ministry. The Republic currently has access to just under one-quarter of NATO information because of its wholly imperfect data protection. Of the total number of the NATO states' 2,200 joint norms, NATO has so far released only 598 of them to the Republic.

The draft legal norm envisages, first and foremost, that the conditions for selecting the people who work with classified information will be considerably tightened up. A completely new office will also be established to supervise data protection.

The experts who were consulted on the new legal norm are now pointing out, however, that the draft law does not fulfill the original objective that the range of classified information be reduced. That is, the Interior Ministry is proposing that the government stipulates the most strictly classified information but that each

ministry and state office be able to classify other data from their departments. "So, it would again be up to the discretion of civil servants what they want to keep secret. The law should stipulate clearly what is and is not classified so that the authorities do not keep information secret unnecessarily or just because they do not want to make it public," said Jan Sula, the former director of economic counterintelligence, who took part in drafting comments on the principles of the law on protecting classified information.

The people who work with highly classified information should, according to the draft law, be over age 21, have a clean record, be fit psychologically, and be loyal to the state system. All of these people will have to go through strict screening. Sula, however, is unhappy that the law's principles do not take into consideration repeated screenings of the people who work with classified data and virtually render possible access to sensitive information by people convicted of corruption or of abusing the authority of a public official. "These are the very people who should not come into contact with such information at all. Moreover, who will determine whether a person is loyal to the state system? The screenings, which also envisage the utilization of listening devices and surveillance, are, furthermore, to be carried out with the knowledge of the people being screened, which is illogical," claims Sula.

Slovakia: Reader Sees Contradictions in U.S. Policy
AU2602162496 Bratislava PRAVDA in Slovak
20 Feb 96 p 11

[Letter by Pavel Mihalik of Nove Mesto nad Vahom: "The United States and Contradictions in the Contemporary World"]

[FBIS Translated Text] I am trying to comprehend certain phenomena and correlations in their complexity but am encountering difficulties in comprehending some of them. I am aware that the United States has advanced technology at its disposal and has a high productivity of labor and a high living standard. Nevertheless, some contradictions keep me awake at night.

1. What is it with the legal system in the United States? In addition to having universal human values—that is, over and above any classes—the legal system must be implemented strictly. Is this the case in that country? If so, financing the state administration, which performs this task, cannot be a problem. A problem with financing exists. Hence, logically, this legal system cannot be consistent.

2. The United States presents itself to the outside world as a country of freedom and order and a democratic cultural state. Why does the media describe the United States as a country of violence, murders, baseness, treachery, fraud, and the pragmatic effect of all actions? It presents a very unfavorable picture of that country. People are turning off their receivers, they are rejecting this culture. Is the United States really like that? Is it a true reflection of its life? If so, then it is in a profound social, cultural, and psychic crisis, in a state of moral decay.

3. Is the presence of the U.S. and German Armed Forces in Yugoslavia a demonstration of power or democracy? After all, peace cannot be built on fear and violence. Only a peace settlement that is and must be an affair of the local people (without external influences) has a chance of stability. An intervention in internal affairs (and it must be observed as that, even before the start of the war) has contributed to the destabilization of the situation in the Balkans. The ability to bring about peace and the military presence of the United States and Germany rather bear witness to their military strategic plans, their endeavors to control this territory.

4. Are the endeavors to expand NATO into the postcommunist countries a demonstration of strength or weakness? In the time of the bipolar division of the world, it had an enemy, and it based its existence, development, and activities on this fact. The bipolar world no longer exists nor does the enemy. Nevertheless, the existence of this organization, its reinforcement, and expansion

must have a reason. A logical conclusion then is that there must be an enemy, at least an imaginary one. It is just a step from an imaginary enemy to a real enemy.

The expansion of this pact is a harbinger of war rather than peace. There are numerous symptoms indicating a danger of war, and a destructive one. The deployment of arms, especially nuclear arms, in these regions means that the United States and NATO are reckoning on a potential enemy after all. Interconnected neutral territories separate enemies from one another and are a stabilizing factor. The Slovak and Czech Government top brass have already rejected the neutrality proposals. They are bound by their duty to serve their masters. Moreover, they are generating guarantees for the protection of the property they have managed to amass so far.

Dr. Teller, U.S. nuclear scientist of Hungarian origin, attacks the Apocalypse myth in his book *In Search of Simplicity*. This learned monster compares the nuclear Apocalypse to Genghis Khan's expedition to Persia in 1219. The troops of this warrior had an order to kill everything living, everything that moved. According to Teller, about 10 percent of the population survived those forays. That is how humanity survived and would survive even the nuclear Apocalypse. The survival of mankind means man as a social, cultured, psychical, and reasonable being. Social organizations will fall apart, as will states, family, and society. Only the basic metabolic functions will be preserved in man—intake and excretion. Is that really enough?

5. Inhabitants of the developing countries reach approximately 7 percent of the consumption standard of the developed countries and the United States. If these countries attempted the same high level of consumption, the absolutely necessary intervention in nature—the input of energy into this process, for instance—would result in a collapse in nature and would jeopardize life on Earth. Nevertheless, this global contradiction must be resolved because the situation in the developing countries must be dealt with on a global scale.

The reason for this state lies, however, in the policy of the great ones, including the United States, and especially its policy. The advanced countries live off the resources that often originate in the Third World. The United States is attempting to eliminate the hapless situation in the developing countries politically, economically, and by means of armed forces. So, is the United States interested in improving the situation? Or is its slogan about the struggle for democracy and freedom only a slogan to deceive? Could this policy be amoral and antidemocratic? Is this proof of the distorted morale in this superstate?

Slovakia: Text of Foreign Ministry Reaction to Kwasniewski

AU2602162096 Bratislava SLOVENSKA REPUBLIKA in Slovak 22 Feb 96 p 5

[Full text] of Slovak Foreign Ministry statement issued in Bratislava on 20 February: "Entry Into the EU Is Not a Race"]

[FBIS Translated Text] Yesterday we reported briefly about an official statement issued by the Ministry of Foreign Affairs of the Slovak Republic in response to some statements made by President of the Polish Republic Aleksander Kwasniewski with regard to Slovakia. The statement was read by Juraj Matejovsky, spokesman for the Ministry of Foreign Affairs of the Slovak Republic, following the 20 February Cabinet meeting. Today we publish the full text of the statement:

The Ministry of Foreign Affairs of the Slovak Republic has familiarized itself with repeated statements made by the president of the Polish Republic in conjunction with the continuing process of the EU's enlargement. Speaking in Budapest, for example, President Aleksander Kwasniewski said that the Czech Republic, the Hungarian Republic, and the Polish Republic could become full-fledged EU members at the same time, while Slovakia, in view of the domestic political situation, might join at a later date. Knowing the results of the EU summit in Madrid, the Union's approaches to the enlargement process, and the mechanisms of evaluating and admitting states seeking EU membership, the Ministry of Foreign Affairs of the Slovak Republic considers similar statements inappropriate because entry into the EU cannot be viewed as a race. Slovakia does not classify individual EU associate countries or CEFTA [Central European Free Trade Association] members into categories. Similarly, it is not our custom to publicly assess the difficulties experienced by our neighbors in the process of transformation, nor do we deliver opinions on sensitive issues cropping up from time to time on the domestic political scene of this or that country. Slovakia not only advocates dialogue with EU members but is also in favor of cooperation and coordination with the transforming countries, including Poland. The Ministry of Foreign Affairs of the Slovak Republic expresses the hope that our partners will proceed likewise.

Slovakia: Poland Reacts to Foreign Ministry Statement

AU2602164796 Bratislava PRAVDA in Slovak 23 Feb 96 p 1

[Report by TASR: "Polish Side Reacts"]

[FBIS Translated Text] Warsaw—Antoni Styrzczula, spokesman for Polish President Aleksander Kwasniewski, yesterday reacted to the statement of the Ministry of Foreign Affairs of the Slovak Republic of 20 February criticizing recent statements made by the Polish president with regard to Slovakia. Speaking in Budapest, Kwasniewski declared that, while Poland, the Czech Republic, and Hungary would be in the first group of countries to join the EU, the Slovak Republic, "in view of its domestic political situation," would join at a later date. Antoni Styrzczula said that, "when Kwasniewski mentioned Poland, the Czech Republic, and Hungary in one breath, this meant that he already had an opportunity to speak to Czech and Hungarian politicians and, on the basis of these talks, he was assured of their determination to meet the criteria set by the EU." As he went on to say, Poland supports the aspirations of all countries seeking integration into European structures and added that the erection of any barriers contradicted the idea of the European commonwealth [spolocenstvo].

Slovakia: Croatian Daily Interviews Meciar

AU2602094496 Zagreb VJESNIK in Serbo-Croatian 13 Feb 96 p 6

[Interview with Vladimir Meciar, prime minister of Slovakia, by Vlado Bojkic; place and date not given: "New Contents for the Old Friendship"]

[FBIS Translated Text] The visit of the Slovak prime minister, Vladimir Meciar, to Croatia, is on the highest level since the creation of the two independent countries, which are among the youngest in Europe. And yet those two friendly countries are connected by a long history; the Croatian Sabor even held sessions in the Slovak capital, Bratislava (Hungarian: Pozun), for years.

The visit of prime minister Meciar, at the head of a large delegation (with a majority of ministers, and 62 businessmen), to Croatia was an occasion for us to pose several questions to him exclusively for VJESNIK, which the Slovak prime minister gladly accepted.

The talk started with the question as to what he expected from the visit to the Republic of Croatia.

[Meciar] There have been no problems between Slovaks and Croats throughout history, and they have brotherly nations. Today, when conditions for the improvement of mutual relations exist, we wish to support that process. Besides, Croatia will need economic help, and Slovakia, with its economic potential, can give that help. All that is needed is to prepare an appropriate program of cooperation, of both the two governments and of individual companies. That is why the majority in our delegation are members of the Slovak Government and key representatives from the economic sphere.

[Bojkic] How do you evaluate the present level of Croat-Slovak relations?

[Meciar] Those relations were influenced by the situation in the Republic of Croatia and the military actions that were taking place here. Although they were obstructed because of that, they have never been interrupted; only their intensity was somewhat weaker. Now one has to start from the fact that Croatia will need resources for the reconstruction of the country. Some contacts in economic cooperation have been interrupted, so they have to be renewed, but new ones also have to be established. Here, one has to start from the fact that the present low level in the exchange of goods should be increased and expanded to the market of capital as well, at which we will offer products of our market, but we also wish to participate on the Croatian market. We have a similar experience in establishing ourselves as an independent country, but we have gained it in different ways. Our states are new, and our integration in the international community is extremely important. At the moment, our state has the chairmanship of CEFTA [Central European Free Trade Association], and it is our duty to expand the idea of CEFTA, so we wish to awaken Croatia's interest in that as well.

The Way to Economic Independence

[Bojkic] You come with a large group of businessmen who will have talks with Croatian partners. Where do you see the biggest possibilities for cooperation, and what are your priorities?

[Meciar] In 1994 and 1995, it was tourism and, to a smaller degree, the exchange of goods because the former cooperation had been interrupted. That is why

we have to determine what Croatia's priorities are, what its intentions are, and what Croatia will offer us.

[Bojkic] How was the peaceful breakup with the Czech Republic reflected in the Slovak economy? Where do you see the advantages and where the possible shortcomings?

[Meciar] I believe that the breakup was reflected in a positive way. From the international point of view, we became a partner of the entire world and not only of Prague, and from the economic point of view we have to adjust the entire economic structure to the needs of an independent state, and that in the conditions of the integration processes in Europe and also in the conditions of competition. We are trying to find our independent, Slovak way. We do not copy others, and, I believe, we do everything successfully. The Slovak Republic is no longer in the development phase. In 1995 we had a growth rate of the gross domestic product of 6.6 percent, and we kept inflation under control—it was 7.2 percent. The Slovak Republic has an active foreign-trade balance, our foreign currency reserves grew to \$2 billion in the last year, which already enables us to export capital, and on 1 October 1995 we were able to declare the international convertibility of the Slovak koruna. So there have been many steps forward, which prove that the economy is becoming stable, and the dynamics of our development is one of the highest in Europe.

[Bojkic] How would you evaluate the present Slovak-Czech relationship? Are there any serious misunderstandings?

[Meciar] We have no serious problems. I believe that the breakup has helped both Czechs and Slovaks. If Czechs used to think that they were financing us, it was later proved that that was not the case because, after the breakup, we credited trade with the Czech Republic until 1995, and today we have a customs union, which suits us. We have a good relationship in the tradition of our mutual friendship, and there is no hatred among people. Our breakup was peaceful and cultured because we did not allow anyone else to get involved in it.

[Bojkic] How does the process of transition from plan economy to market economy go?

[Meciar] That process is in a rather advanced stage. The process of the creation of the market economy means not only the elimination of old plan structures but also the creation of market subjects, market relationships, and market space. Privatization must be completed by June of this year, and we carry out privatization primarily through the creation of a domestic capital- and trading class and the middle class of the society.

From the standpoint of legislation, we work a lot on the adjustment of our legal norms to the criteria of the European Union in everything, from monetary to market certificates and financial instruments. Besides, we are looking for space on the European market: how to invest capital, how to develop cooperation. We are building an open market because we are aware that a closed market is meaningless. Because we are one of five CEFTA countries, we are trying to expand the free market zone to the whole of Central Europe and to all states that show an interest in it. At that, our strategic goal remains the European Union and NATO.

The Restructuring of the Economy

[Bojkic] Since you became independent, last year the Slovak Republic accomplished the best economic results. What do you attribute this to?

[Meciar] When we became an independent state, no one believed that we could be economically independent. No one believed that we would be able to have our own money, and yet we managed to create the Slovak koruna in six weeks. All that was achieved with hard work, but also with a wish to succeed. At that we "strongly" intervened in the internal structure of industry. The system of organization had to be changed, of both the capital and individual branches. The Slovak Republic was a state with a big military industry that has now been liquidated and has not been replaced with anything. That is why we had to transfer many workers from industry services, and that process is still going on. This caused a high level of unemployment, which at one time grew to over 15 percent, but now the figures are lower. Besides, we have managed to keep the market of Central Europe and also the Eastern market, although to a smaller degree. Those structural changes, which we had the courage to carry out, are a precondition for our economic results, and in 1996 we are expecting even better results.

[Bojkic] Yet there is still a rather high unemployment rate, and the inflow of foreign capital is smaller than expected. What is the reason for that, and how can it be solved?

[Meciar] At the beginning of 1995, unemployment exceeded 15 percent, and at the end of the year it was reduced to 12.8 percent. I believe it can be solved only through the growth of production, and by no means through social interventions. The inflow of foreign capital is indeed smaller than expected, but that is not a measure of economic success because, for example, Hungarians have 14 times more foreign investments, but that does not mean that they live 14 times better than we do. It is important for foreign investments to be efficient and to guarantee the return of the money. In 1995 we

took no foreign credits, but through our own activities we managed to accumulate \$2 billion.

"Domestic" Privatization

[Bojkic] The opposition in your country once accused you of having "stopped" the process of privatization that the previous government had initiated. What do you say to that accusation?

[Meciar] According to my understanding, the opposition represents the alternative, but the main thing about it is that it opposes. Unfortunately, our opposition often makes a mistake because all it cares for is to oppose and not to view things realistically. And, while they have been discussing whether privatization should be stopped, it will meanwhile be completed. That process is about to be finalized. We have changed the form of privatization in the sense that we favor domestic capital; instead of coupons we introduced bonds, but that did not mean that we stopped but, rather, that we sped up privatization, which is now in its final phase.

[Bojkic] You have said several times that your priorities in foreign policy are integration in the European Union and NATO. How satisfied are you with the intensity of that process?

[Meciar] We are in the phase of coming closer to and getting acquainted with the European Union and NATO. We regularly fulfill our obligations within the Partnership for Peace, but we are aware that the processes of getting closer to the European Union is a complex one. We are trying to speed up the tempo of economic growth, so I expect that, at the end of this year, the growth rate will be approximately 10 percent. We have intensified growth in order to come closer to EU states because we wish to join the European Union as an equal partner.

[Bojkic] Lately you have had misunderstandings with the European Union and the European Parliament, which expressed their concern for the degree of democratic trends in the Slovak Republic. You were particularly criticized for your relationship toward the Hungarian minority, the media, and President Kovac. Do you believe that can endanger the admission of the Slovak Republic to the European Union? How do you comment on that?

[Meciar] I believe the reason is a lack of knowledge about the real situation in the Slovak Republic and that it is a result of one-sided information because they have created their attitudes without any consultation with our government and legitimate representatives of the parliament. That is why I hope that relationship will change radically.

As for minorities, the Slovak Republic has high standards, exceeding those of Europe, when it comes to the rights of ethnic minorities. However, at the same time, we say that on our territory we will not allow the creation of any sort of autonomies, and that goes for the Hungarian minority as well. That is the limit we do not wish to exceed, and separatists say that that is a breach of minority rights.

As for President Kovac, that is a personality problem and not one of his position. When it comes to the media, I do not know anything about that because we have no laws or regulations that could impinge on the work of journalists. Personally, I have already said that I will give \$10,000 to a journalist who proves that he cannot write whatever he wishes, but for the time being no one wants that money. Besides, out of 21 daily papers in the Slovak Republic, 19 of them write against the government.

Development of Cooperation Comes With Peace

[Bojkic] How do you evaluate the war tragedy on the territory of former Yugoslavia?

[Meciar] I believe it is a tragedy of all of the conflicted parties. The damage that has been done, both the lost lives and the material damage, creates bad bases for the future, and that is why the causes should be removed. Precisely because we have gone through the same phases you are going through, only in a different way, I have to say that the stopping of war is that step. What stands before you is not only mutual recognition and the recognition of borders, but also ethnic problems that have appeared in Europe 50 years after the World War II and will appear in the future, too. Further, before you there is the distribution of the political and economic inheritance, and that cannot be solved by anyone but the conflicted parties together. The sooner it comes to talks between the interested parties, without the participation of mediators, the greater the hope for the restoration of confidence. If does not happen, you will be blocked not only politically but also economically because you will not be able to get credits, and the credibility of both sides will also be reduced. You will also harm former cooperations and trade relationships with other countries, and you will have to pay a dear price for their restoration. That is why the task of all states is to reach an agreement. If the Slovak Republic could offer its experience, we would be glad to do that.

[Bojkic] Are you an optimist concerning the peace process, in which your units are also included in the peacekeeping forces?

[Meciar] We have always tried to make the peace process successful, and, in that sense, we have managed

to do something. That process must be a peace process because it cannot be any other way. There is no alternative; it has to be successful. It would be good if that way were such as not to cause future dissatisfaction.

[Bojkic] Has the Slovak Republic suffered any losses because of everything that has happened on the territory of former Yugoslavia? If so, what sort of losses and how big have they been?

[Meciar] Yes, there have been losses to a total of several tens of millions of dollars, which originated from the limitation of traffic and trade on the Danube and the transportation of goods. Another sort is the obstruction of relations in the exchange of goods. I believe that your help in the reactivation of the economy would be the best way to overcome that.

[Bojkic] How do you evaluate the position of the Slovak minority, which for the most part lives in Slavonia, many of them on the occupied territories of the Republic of Croatia?

[Meciar] First of all I believe that Slovaks, no matter where they live, are loyal to the state they live in. When we visit them they say: "Welcome to us," which means that they feel as the citizens of the state in which they live, and that is predominant. Second, they always try to maintain their culture and to cherish their relations with the Slovak Republic. That is why it is important to give them support in that, so our government sent them teaching resources and other things. Besides, our minority lives in Slavonia, where many changes and processes are taking place, and they, as a minority, have been an object of those changes. Therefore, the Slovak minority must feel secure that the Croatian authorities will protect them.

Slovakia: Independent Inquiry Into Kovac Kidnapping

AU2602162796 Bratislava SME in Slovak 23 Feb 96
p 12

["From interview" with Igor Cibula, former director of the Slovak Information Service Intelligence, by Stefan Rosival; place and date not given: "Was the Abduction an Illegal Act?"—reprinted from the 22 February issue of Bratislava NOVY CAS in Slovak]

[FBIS Translated Text] During his interrogation by police investigator Major J. Ciz, LL.D. on 24 January 1996, Lieutenant Colonel Igor Cibula, Ph.D., former director of the Slovak Information Service [SIS] Intelligence, said that, in order to investigate all of the circumstances of the abduction of the president's son, Michal Kovac Jr., it would be necessary to establish a group that would verify all accessible information concerning

this case in parallel with the ongoing police investigation. We asked Igor Cibula whether such an independent investigating group already exists.

[Cibula] The independent investigating group that is assessing and analyzing findings concerning the abduction of M. Kovac Jr. is now in the fourth week of its operation. The independent investigating group confronts information published in the press with information imparted by people who can provide testimony on the abduction of M. Kovac Jr. Besides, it is collecting and analyzing information that has not been presented in the public to date for various reasons. All serious findings will be incorporated into a report on the kidnapping of the president's son and his abduction to Austria and will be passed on to bodies involved in criminal proceeding.

[Rosival] Can the independent investigating commission give a preliminary assessment of the information on the kidnapping collected to date?

[Cibula] We have acquired further findings confirming the version of the former investigators of the M. Kovac Jr. case, Major J. Simunic and Major P. Vacok, that a professionally organized group participated in the kidnapping in liaison with a state body. SIS Director Ivan Lexa will end his political career in prison if he proves incapable of refuting the testimonies and furnishing evidence against this version.

[Rosival] According to some press reports, people seeking to clear up the kidnapping of the president's son are being shadowed by SIS surveillance. Are you not afraid of becoming the target of intelligence interest?

[Cibula] Once upon a time, I was targeted by the 12th StB [State Security Corps; communist-era secret service] Administration [dealing with the "internal enemy"] and from November 1989 until June 1992 by the Federal Security and Information Service. Being the target of surveillance has actually become part of my life-style, and I would be surprised if SIS constituted an exception in this respect. One need not be afraid of being shadowed and bugged if one acts in accordance with the law and one's conscience.

[Rosival] Has the independent investigating group acquired any findings about the involvement of Prime Minister Vladimir Meciar in the M. Kovac Jr. affair?

[Cibula] I already mentioned that we have been operating for only four weeks. We are not examining the political accusations directed against Prime Minister Vladimir Meciar. It is conceivable that the prime minister had been poorly and falsely informed about the whole M. Kovac Jr. case. If he learns new facts about the kidnapping of the president's son, perhaps he will

take steps against people in SIS who are directly responsible for this criminal unlawful act.

Slovakia: 'Distrust' by Daily of Austrian Court Verdict

AU2602144196 Bratislava SLOVENSKA REPUBLIKA in Slovak 22 Feb 96 p 3

[Commentary by Milan Jasovsky: "The Old Maid Stayed in Slovakia Again"]

[FBIS Translated Text] Despite the fact that, in terms of its political and economic development, Slovakia differs almost in no way from the other countries of the former "Ostblock" [German term used], it needs to be said that certain differences exist. One of the differences that evidently matter is that the economic successes of the Slovak Republic are highly assessed internationally, and everything suggests that the economic results will improve further. Apparently this has become a thorn in the flesh of those who would prefer not to see such successes of young Slovakia.

It is true that, regarding the domestic political situation, we have certain problems. However, the other Central European countries have not avoided them, either. Differences can only be seen in how these problems are assessed. We know very well what a storm would set in if scandals similar to those in Poland, the Czech Republic, Hungary, and Russia burst into the open in Slovakia. Fortunately, nothing of that sort has happened, and the exacerbated relations between the prime minister and the president (which are no exception in the other post-communist states, either) and the subsequent politicizing of the Michal K. Jr. affair thus remain Slovak problem number-one, leaving aside the permanent emphasizing of the alleged nonobservance of minority rights. Here it needs to be pointed out, however, that, owing to the foreign political activities of the Hungarian Coalition and Slovak opposition parties, these problems are being blown into incredible proportions. Slovakia is then receiving "lessons in democracy" even from states that are, in many respects, much worse off. We all remember well the style in which Czech media recently reported on Slovakia, Hungary's endeavor to lecture us on minority policy of the state, and the demarches, through which foreign countries were communicating to us the objections of our domestic opposition.

The decision of the Lower Austrian Upper Provincial Court in the Michal K. Jr. affair also falls into the category of lessons in and "model" expressions of democracy. This judicial body of our neighboring country for all practical purposes issued its verdict when it stated that "Michal K. Jr. had been abducted (or kidnapped) to Austria" and even identified and morally condemned

the alleged culprit—a state agency of the Slovak Republic. The court decided the way it did. Unfortunately, it did so solely on the basis of one-sided testimonies. After all, one of the witnesses was Michal K. Jr. himself, whose interest it was, naturally, to testify the way it suited him, and the second witness was his close relative, who also had an eminent interest in testifying for the benefit of his son and not against him. Moreover, his testimony had the shape of "as I have been told...." The third witness was the most problematic link in the whole case—Oskar F. All of these were thus witnesses "from one side," and the Austrian court did not bother in the least to ask the Slovak authorities to give it access to the documentation from the investigations and ignored the Slovak investigators' words that "other possible versions are also being verified"—that is, versions other than abduction with the alleged assistance of a state institution. Leaving aside the fact that it is not customary in the world for the president of a country to call in question abroad the activity of the state agencies of his own state, everything suggests that the Austrians needed to get rid of a "hot potato" and returned the Old Maid to Slovakia.

The Austrian court's verdict would have perhaps even been understandable if it were justified by the fact, for example, that the Austrian authorities have not amassed sufficient evidence to challenge the kidnapping version and that the deadline within which it was necessary to solve the case expired. Something else has happened, however. The investigation of the case is not yet over, and moralizing commentaries addressed to Slovakia and its police or judiciary in the verdict of an institution such as an independent judicial body are therefore surely out of place. While the verdict is valid and no one is casting doubt on it, many Slovak citizens remain bewildered, being unable to reply to the question, by what the Austrian authorities were guided in their ruling. If someone thinks the verdict of the Lower Austrian court convinced Slovak citizens, he errs. Doubts and distrust are growing.

Slovakia: Comment: Vienna Verdict Embarrassing to Cabinet

*AU2602142896 Bratislava PRAVDA in Slovak
23 Feb 96 p 4*

[Commentary by Juraj Handzo: "Another Needless Embarrassment"]

[FBIS Translated Text] The Ministry of Foreign Affairs of the Slovak Republic immediately reacted to the 20 February verdict of the Upper Provincial Court in Vienna, under which Austria will not extradite the

Slovak president's son to Germany. It handed over a note to the Austrian Embassy in the Slovak Republic, in which it protests against the fact that, in justifying his verdict, the chairman of the Tribunal of Judges of the above court "reproached" the Slovak Republic for not having asked Austria to extradite Michal Kovac Jr. and "accused" state agencies of the Slovak Republic of involvement in his kidnapping. The Ministry of Foreign Affairs of the Slovak Republic even requested that "the proper measures be taken" to set right the Austrian judicial body's action.

The very fact that the Ministry of Foreign Affairs of the Slovak Republic sent a note just on the basis of initial agency reports on the court's verdict, without availing itself of any other material, is unusual. At the same time, these reports were based on the judge's oral comments while pronouncing the verdict, the written form of which will be available only later. If the Ministry of Foreign Affairs of the Slovak Republic considered it necessary to send to the Austrian Embassy a note just a few hours after the pronouncement of the verdict, it testifies, at the very least, to the hasty nature of this step. One can also doubt whether the Ministry of Foreign Affairs of the Slovak Republic was acquainted with the findings of the Austrian authorities regarding the abduction of M. Kovac Jr. in such detail at that moment as to be able to conduct polemics with them on this matter, to say nothing of the demand that the Austrian Ministry of Foreign Affairs "take proper measures" to set right the Austrian court's course of action. As in every democratic state, courts in Austria are independent, and no state body can influence their verdicts or the formulations with which they justify them. The Slovak Ministry of Foreign Affairs had to be reminded of this matter, of course, by G. Ziegler, chief of the Austrian Foreign Ministry's Press Department....

Other juicy details are also connected with the note. The Ministry of Foreign Affairs of the Slovak Republic is precisely the body through which Slovakia should have asked Austria for the extradition of M. Kovac Jr. following his abduction. Acting in accord with the attitude of the Government of the Slovak Republic, which did nothing at all for a citizen of this state, the Ministry of Foreign Affairs of the Slovak Republic used all kinds of excuses to avoid doing this. It argued that an international warrant had been issued for the arrest of the president's son and that Slovakia must not interfere with the jurisdiction of Austrian authorities. When criminal proceedings against M. Kovac Jr. were initiated also in Slovakia, in connection with the Technopol fraud case,

it was again the Ministry of Foreign Affairs of the Slovak Republic that announced that it could not request his extradition because conditions set for these cases by the European Convention on Extraditions had not been met. (There also exists the possibility of so-called diplomatic intervention, but the Ministry of Foreign Affairs of the Slovak Republic "forgot" about it.) According to the Ministry of Foreign Affairs of the Slovak Republic,

the decision on the fate of M. Kovac Jr. was solely and exclusively in the hands of the Austrian judiciary. When the Austrian judiciary finally decided in this matter, our ministry suddenly dislikes this decision and demands "remedial action." The outcome is another embarrassment and deterioration of the Slovak Republic's image abroad.

Hungary: Medgyessy Seeking Strengthened Economic Cabinet

LD2602194096 Budapest Kossuth Radio Network in Hungarian 1730 GMT 26 Feb 96

[FBIS Translated Text] In seeking for a new finance minister, Prime Minister Gyula Horn has tried to find a person who will continue the government's stabilization policy, enjoys the confidence of international financial circles and who, at the same time, is a team member able to cooperate with government ministers and the ministry's staff. This man is one of the earlier heads of the ministry.

[Begin Horn recording] As is known, Peter Medgyessy has significant experience in state administration and is widely known as a reformer, who — both as a finance minister and as a banker — has demonstrated a good performance. We can rightly say that he can be respected both in the domestic and the international financial world.

He did not have particular conditions, but he had a request, namely that we should try to strengthen the work of the Economic Cabinet [group of ministers in charge of various economic portfolios], to empower the Economic Cabinet with decision-making authority regarding a certain, limited number of questions.

I was open to this request, as I have been to similar proposals by Lajos Bokros. This will be laid down; and if we can reach an agreement, this will be useful anyway. If the Economic Cabinet has decision-making authority within a limited framework and regarding certain matters, it will make the government's work easier. [end recording]

Hungary: Opposition Views Finance Minister Nomination

LD2602222296 Budapest Kossuth Radio Network in Hungarian 1700 GMT 26 Feb 96

[FBIS Translated Text] Gyongyi V Nagy asked deputies of the parliamentary opposition parties about the nomination of Peter Medgyessy to the post of finance minister.

[V Nagy] Ivan Szabo, parliamentary deputy group chairman of the Hungarian Democratic Forum, wonders how Peter Medgyessy can do things differently from the way the outgoing Finance Minister Lajos Bokros has done so far.

Nothing will change by the appointment of Peter Medgyessy. This was said by Jozsef Torgyan, chairman of the Independent Smallholders' Party. He explained this statement by saying that Peter Medgyessy believes in the same financial policy as his predecessor and from

this aspect the name of the finance minister does not matter at all.

From the nomination of Peter Medgyessy, Janos Latorcai of the Christian Democratic People's Party drew the conclusion that a reversal can be expected in the government's economic policy, because the restrictive economic policy pursued so far has failed.

All four opposition parties, however, agreed that Peter Medgyessy will have better communication with society than Lajos Bokros had and he do better in taking the necessary steps.

Laszlo Madl, parliamentary deputy of the Federation of Young Democrats-Hungarian Civic Party, said that Gyula Horn likes to bring back old cadres who, however, do not usually fulfill expectations.

What was surprising for Ivan Szabo, however, was not the pure fact that Peter Medgyessy was nominated by the prime minister, but the fact that Peter Medgyessy accepted the nomination. The deputy group leader thinks that Peter Medgyessy is driven by the intention of proving himself.

Hungary: Bokros Criticizes Horn's Economic Policy

AU2602163796 Budapest NEPSZABADSAG in Hungarian 26 Feb 96 p 4

[Unattributed report: "Lajos Bokros: I Do Not Agree With the Newly Emerging Economic Policy"]

[FBIS Translated Text] In spite of my resignation, I still consider myself a socialist, Lajos Bokros said at his news conference held in Mohacs at the weekend. The resigning finance minister — who called himself extremely consistent regarding his economic policy ideas — said that, during his mandate, he had received much more support from a section of the Hungarian Socialist Party's parliamentary group than from the government. He emphasized that one of the fundamental reasons for his resignation was precisely the fact that he did not agree with the economic policy that seemed to be emerging from Gyula Horn's latest decisions. As a result, at the government session at which he submitted his resignation, the decisions that would have been needed to make the social insurance's 35 billion forint deficit manageable were not made. According to Bokros, it is not enough for the numbers that make the deficit disappear only to exist on paper because the mathematical maneuvers do not in themselves reduce the deficit.

According to Bokros, the implementation of the reform of state administration has to be started as soon as possible because the redistribution carried out by the

budget and the social insurance is the biggest obstacle to economic growth, and the over-taxation — which Bokros also calls dreadful — is its consequence. Bokros thought it was possible that the prime minister would have greater confidence in his successor and would more readily accept from this person the same arguments he had rejected from Bokros. Our correspondent asked Bokros what he thought of Horn's announcement at a 23 February open forum in Budapest that he would request legal opinion from the High Court if the resigning finance minister's severance pay was lawful. According to Bokros, the prime minister should be asked about the motivation for this action. In the past, he never questioned the resigning ministers if they collected their severance pay. "It never actually occurred to me that the notion of equality before the law would be questioned precisely in connection with my resignation," Bokros said.

In Kossuth Radio's "16 Hours" program on 24 February, Bokros said that he would not give a helping hand to an economic policy which would make the previous efforts useless. As he said, he "refuses to write 17.8 billion forint deficit into certain columns instead of the actual 35 billion forints." Among others, Bokros explained that no debate had been held at any of the government sessions on the merits of the reform of state administration, although it would long have been necessary to clarify important political issues.

Hungary: MSZP Left-Wing Group Assesses Party Position

AU2602181196 Budapest MAGYAR NEMZET
in Hungarian 24 Feb 96 p 5

[Report by Moldovanyi: "Socialist Left-Wing Platform — Large Masses Have Turned Away From the MSZP"]

[FBIS Translated Text] The Left-Wing Group does not oppose stabilization, but it does not limit its meaning to the establishment of financial balance. Chairman Sandor Balogh said at the Hungarian Socialist Party (MSZP) platform's national consultation on 24 February.

Balogh emphasized: Society is burdened with serious tensions and social problems. For this reason, a balance has to found between capitalist interests and social solidarity. The MSZP, as a people's party, has to draw from all strata of society, but a decisive presence of the workers is also needed in the party. Balogh quoted several statements of the Socialist Internationale, including the one claiming that capitalism is unable to satisfy society's needs. Balogh believes the key question now is how to get society's assent to the changes, and whether people's patience can be ensured for this.

Gyorgy Wiener, deputy chairman of the national committee, emphasized in connection with the March congress that the statute would be amended at the meeting, and the party will then be able to function efficiently regardless of whether the Socialists are in opposition or in government. This is a precondition for the MSZP's ability to be part of the government or the coalition after the 1998 elections. After the amendment, the rules on membership will contain a number of rules on conduct. For example, an obligation to report will be defined for parliamentary and local government deputies. In the interest of more efficient functioning, the executive committee and the national committee will consist of fewer members. Members of the executive committee will be responsible for certain areas, which does not mean a shadow government and must not hinder the committee's work, Wiener said. He added that to support the party chairman-prime minister, it is necessary to create a new office, which could for example be an executive chairman position.

Pal Fillo, Budapest chairman of the workers' section, drew attention to the fact that nearly 50 percent of workers and people living on wages and salaries have by now turned away from the MSZP, although they gave the majority of the MSZP's voters at the 1994 elections. Today, the workers live in insecurity; the wage competition means who works cheaper. Dissatisfaction has a political danger: People turn away from arguments and turn towards populism. According to Fillo, only the Socialists can recapture the support for those who have turned away from politics, for which new methods are needed, for example, beer festivals or recreational programs, like the ones organized by the western social democratic parties. According to Fillo, time has come for politician training to be started.

At the news conference following the consultation, Deputy Chairman Tamas Krausz explained that the Left-Wing Group does not at all wish to create a split in the MSZP. In his view, anyone wishing for the party's dissolution would be paving the way for right-wing populism. It is in the Group's interest for the MSZP to be united after the March congress.

Hungary: 'Opportunity' To Benefit From IFOR Presence

AU2602160096 Budapest MAGYAR NEMZET
in Hungarian 23 Feb 96 p 7

[Interview with Istvan Fodor, political state secretary at the Hungarian Defense Ministry, by Frigyes Varju;

place and date not given: "Hungary Is Not Counting on Benefits From IFOR")

[FBIS Translated Excerpt] [passage omitted] [Varju] It was reported recently that the commander of the Hungarian Army will retire. According to some doubters, this change in personnel would not be necessary, because the regulations provide the possibility of continuing the job. Why then is it so urgent to stick to the retirement age in the case of Janos Deak?

[Fodor] Retirement is the natural order of life, and the previous regulations also stipulated the age of 55 as the retirement age for soldiers in Hungary. The possibility of modifying this regulation also emerged between 1990 and 1994, but the previous government did not find this justified either, and today's cabinet has not decided to take this step either. Therefore, I can declare that, irrespective of political affiliation, there are no differences in opinions regarding the retirement age. [passage omitted]

[Varju] What other organizational changes will follow the change at the command level?

[Fodor] Several Hungarian generals will soon reach the retirement age, and it is a fortunate development that,

according to the new organizational structure, no one will have to be released from the army just because his position is canceled. This change in personnel can be connected with the generals' retirement. [passage omitted]

[Varju] You agree that it would be a rather shortsighted policy if the Hungarian Army disregarded the possibility of acquiring certain technical knowledge from the military cooperation with IFOR [Implementation Force]. Politicians keep saying that the Hungarian economy should benefit more from the presence of IFOR bases.

[Fodor] This is indeed something that follows from all this, but we had hardly any time to evaluate the financial factors when we took the decision to participate in the peacekeeping activity. We did not even have the opportunity to hint at such a thing. Of course, I say that we must make use of such an opportunity, if there is such an opportunity. For example, due to the firing ranges there, guarding the facility in the Dabas area will provide work for some 70 civilians. [passage omitted]

B-H: Government Complains About IFOR Cooperation

AU2702122096 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1100 GMT 27 Feb 96

[FBIS Translated Text] The BH-PRESS agency has learned from the office of Hasan Muratovic, prime minister of the Republic of Bosnia-Herzegovina, that the IFOR [Implementation Force] was asked for help on several occasions when the Bosnia-Herzegovina delegation needed to travel to Split and back for talks with representatives of the Republic of Croatia, and that IFOR refused it.

After traveling (over Mount Igman), the president's office requested that the delegation be allowed to return to Bosnia-Herzegovina by helicopter. IFOR refused to issue a permit for the flight by a Bosnia-Herzegovina helicopter, so the government delegation had to return over Igman again.

Prime Minister Hasan Muratovic told BH-PRESS that this amounts to hindering the Government of the Republic of Bosnia-Herzegovina in carrying out its duties and to violating the agreement with the IFOR that allows such flights on an urgent basis. The prime minister said that the Bosnia-Herzegovina Government will demand an explanation for such conduct by IFOR and then decide on its future behavior in such situations, considering that such an act represents a direct threat to the sovereignty of the Republic of Bosnia-Herzegovina.

B-H: PM Tells Joulwan IFOR Hindered Government Work

AU2702170396 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1400 GMT 27 Feb 96

[FBIS Translated Text] Bosnia-Herzegovina Prime Minister Hasan Muratovic today forwarded a letter to General George Joulwan, NATO commander in Europe, which reads as follows:

My office contacted the Implementation Force [IFOR] on 25 and 26 February several times with the request for assistance on my trip to Croatia, or at least help on the way back to Sarajevo from Split. Six government ministers and I had a meeting in Split with a Croatian Government delegation on issues that are very important for the future progress of the peace process and for our relations, which is evident from the documents we adopted and statements for the media. IFOR refused to provide transportation for the trip; they even banned our helicopter from making the flight. I am convinced that this is not IFOR's policy, but a mistake made by individuals, because there is no other way that I can accept that a prime minister and his government would be denied permission to fly in their own country. This

situation is in complete opposition to our agreement and it represents a limitation of our country's sovereignty, and obstructs the functioning of the government. I demand that a solution be immediately found to the problem, and that situations are prevented in which IFOR is hindering me from carrying out my duties and joint tasks.

I sincerely hope that this will not be repeated, states the letter forwarded by Prime Minister Muratovic to Gen. Joulwan.

B-H: 4th Corps Commander on Cooperation With IFOR

AU2702171896 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1400 GMT 27 Feb 96

[Report by Halil Sefko—recorded]

[FBIS Translated Text] [Sefko] The implementation of the military part of the Dayton agreement in Herzegovina has heretofore been implemented more or less as anticipated. Units of the Bosnia-Herzegovina Army have observed all the deadlines pertaining to the separation of forces up to 2 km and the exchange of territory between two entities, which leads to the conclusion that they will implement further provisions of the Dayton agreement in a correct and timely manner. In addition to this, the 4th Corps Command has done everything to ensure good relations with the forces tasked with the implementation of the peace agreement that are part of the French and Spanish contingent. Here is what 4th Corps Commander Brigadier Mustafa Polutak had to say on the subject.

[Polutak] We established direct contact at all levels with the Implementation Force [IFOR] from the very beginning. We established contact at the level of the 4th Corps Command and the French division's command and at the level of the 4th Corps Command and the commands of the Spanish and French brigades. Moreover, we have regular contact between the 4th Corps commander and the commander of the French division and the commanders of the French and Spanish brigades, as well as between 4th Corps and IFOR commissions. All this has been done with the goal of implementing the Dayton accord and the observance of the deadlines set out in the agreement. Heretofore, all the deadlines have been observed by the 4th Corps, and I believe that this will be true in the future as well.

[Sefko] Commander, do you have any complaints about IFOR's behavior in the 4th Corps theater of operations?

[Polutak] In principle, IFOR forces carry out their tasks in accordance with their mandate. They are committed and precise in carrying out these tasks and they observe

the deadlines and activities stipulated by the agreement. So far, we have had one misunderstanding with them, which cost the 4th Corps the loss of a certain amount of infantry arms and ammunition in the region of Blagaj. The misunderstanding arose when we were deciding on the location of the warehouse; we were of the opinion that the warehouse was 70 meters outside the 2-km zone, while IFOR believed that it was 30 meters within the 2-km zone. [sentence as heard] Keeping in mind that the agreement allows them the role of arbiter, they made the decision according to their assessment. We took all the necessary measures to have the confiscated arms and ammunition returned to us. I expect that the 4th Corps' future cooperation with IFOR will be correct and principled.

B-H: Military Aspect of Dayton Accord Considered
AU2602190896 SVIJET in Serbo-Croatian 15 Feb 96 pp 22-23

[Article by Djuro Kozar: "Sides Separated, Mines Divided"]

[FBIS Translated Text] During his recent visit to the editorial staff of OSLOBODJENJE, U.S. General Leighton Smith, NATO commander in chief, stated that "peace in Bosnia must come from within." Asked about the function of IFOR [Implementation Force], he briefly responded: "We are here to use force in case one of the sides wants war again."

Fortunately, there have been no serious reasons for making any of the warring sides in Bosnia-Herzegovina tow the line. So far, intervention was needed only in the Sarajevo suburb of Stup, involving an IFOR antisniping team from the French contingent. Firing rounds at trucks, two of Karadzic's extremists seem to have put IFOR's determination to the test and felt the difference between IFOR and UNPROFOR [UN Protection Force] right there and then. They were badly mistaken. One sniper was killed, the other captured. Everyone learned his lesson.

Successful Separation

In the framework of the Dayton accord, it was most important to separate the sides 2 km from the demarcation line [sentence as published]. Major problems were anticipated, especially since a 30-day deadline had been set. However, units of the Bosnia-Herzegovina Army, Croatian Defense Council [HVO], and the Serb Republic complied with the demand ahead of time and withdrew their forces to the set distance by 19 January. IFOR supervised and facilitated the withdrawal.

Individual attempts by some local commanders in the Serb entity to simulate the breakdown of tanks or self-

propelled artillery weapons on hills around Sarajevo could fool nobody. On more than one occasion, IFOR tow trucks took away armored vehicles with engine failure and thus helped the realization of this demand.

"We are prepared for every contingency; naturally, we are also prepared to open fire if necessary," said Lieutenant Gen. Michael Walker, commander of the IFOR ground forces. As soon as the separation began, Gen. Walker made it clear that there would be no exceptions and concessions and that those who count on it are wrong. In order to make himself quite clear, Walker gave an ultimatum to the representatives of all three sides—those who miss the deadline will be held accountable. That was obviously very effective, especially in the Serb Army, which felt NATO's wrath last September and August.

Lethal Mines

The next task from the military annex to the peace agreement—clearing land mines—proceeds at a much slower pace and is still under way. It turned out to be a very delicate and dangerous job requiring a lot of patience and time. All three sides were supposed to submit accurate data about the number of mines that had been planted and plans of mine fields to IFOR. According to the data, 600,000 mines were planted in Bosnia-Herzegovina, but it turned out not to be true. IFOR came up with a figure of as many as 3 million land mines!

Gen. Walker said he was prepared to let IFOR help look for mines, adding that it was the main task of the three warring sides in Bosnia-Herzegovina. Unfortunately, it turned out that minefield plans are either incomplete or done incompetently, while some of them were lost. IFOR will try to activate mines from the air in places where minefield plans are not available.

Trying to do it all and be in the field, IFOR members often stumble on hidden mines, and six NATO soldiers have already been killed or wounded. An explosive device blew up in the hands of U.S. Sergeant Donald Dougan, which killed him. That happened in the vicinity of Gradacac and it could have happened anywhere else, since various mines and explosives hidden in candy boxes and fountain pens were tested in this area, especially by the Serb Army.

Under the military part of the peace accord, members of all three armies should, within 120 days of its implementation, withdraw to their barracks. That is supposed to be preceded by demilitarization and reduction of armies of Bosnia-Herzegovina and Serb Republic to an optimal minimum. That process is under way and—

we were told—much more expediently in the federation than in the Serb entity.

Balance of Weapons

"We will implement this, as well as all other obligations set by the peace accord, before the deadline," said Army Gen. Rasim Delic, commander of the Bosnia-Herzegovina Army. "However, we will also maintain the level of combat readiness ensuring that the Bosnia-Herzegovina Army is prepared to take responsibility for defending our borders at any given time, i.e., to control the territory it holds, as well as the territory of the entire Bosnia-Herzegovina Federation. In other words, we are cautious because only a safe peace is good peace. Any complaisance could be fatal for us."

Another two army-related issues are going to be very important until the end of the year: restoring of confidence and establishment of balance of arms. The peace accord actually intends to create trust between the Bosnia-Herzegovina Federation and the Serb Republic, as well as between the three armies. The process will lift the borders between the two entities. Parties that have been at war for almost four years—after the aggression by the former Yugoslav People's Army against the Republic of Bosnia-Herzegovina—are now supposed to peacefully establish relations and cooperate, eliminating everything that could have negative effects on the co-existence of the three nations and cause new conflicts.

The Bosnia-Herzegovina Army says it is prepared to build mutual trust, but underlines that confidence should primarily be restored within the Bosnia-Herzegovina Federation, which still has two active armies, the Bosnia-Herzegovina Army and the Croatian Defense Council. With the help of American friends, preparations for the establishment of a federal army are under way. The Assembly of the Bosnia-Herzegovina Federation is considering a defense bill to regulate the matter.

For preventive reasons, the Americans want to establish a balance of arms on the territory of Bosnia-Herzegovina by arming the victim of the aggression, the Bosnia-Herzegovina Army, so that it could parry the army of the Serb entity that was better armed and equipped throughout the war. In reaction to an air of skepticism about that, the Bosnia-Herzegovina Army General Staff says that the equipment they will get is no threat to anyone and that it will be solely defensive.

Bildt's Concessions

"It is not putting out fire with gasoline, as some in the world have put it; it is designed to deter those who have already attacked us before by means of jets, tanks, long-range artillery from any possible future aggressive

intentions," said a Bosnia-Herzegovina Army officer who asked to remain anonymous. "We must live here after IFOR leaves Bosnia-Herzegovina and when we are left alone...." The military aspect of the Dayton accord is being implemented according to the plan. Gens. Smith and Walker, as well as others, are sticking to the plan, which promises the further establishment of peace in Bosnia-Herzegovina. The implementation of the civilian part of the agreement is another story because Carl Bildt is easily bamboozled by Pale and does many things outside the framework of the Dayton accord. He allowed the Serb police to remain an extra 45 days in Sarajevo areas belonging to the Bosnia-Herzegovina Federation, which provoked a violent backlash.

"Rest assured that Bildt's concessions to Karadzic will have no bearing on the implementation of the military part of the peace accord," a senior IFOR officer told us in Sarajevo. We would like to believe him.

B-H: EU Envoy on Future of State, Serb Exodus

AU2702161096 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1400 GMT 27 Feb 96

[FBIS Translated Text] Mirko Pejanovic, Presidency member and president of the Serb Civic Council, today received the EU mediator for the Bosnia-Herzegovina Federation, Christian Schwartz-Schilling. They discussed the establishment of municipal councils, freedom of movement, the return of refugees, and the exodus of Serbs from Sarajevo.

Schwartz-Schilling said that the next four or five weeks will be decisive in determining which way Bosnia-Herzegovina will go, that is, whether it will move toward a federation and reintegration, or towards separation and division along ethnic lines. According to Schwartz-Schilling, the Serb exodus could have been prevented had the international police been deployed earlier in the suburbs that are supposed to reintegrate.

Pejanovic stressed that the Pale leadership and the international community are responsible for the Serb exodus. The international community is responsible because of its inadequate assessment of the problem.

B-H: Bildt: Serb Exodus From Sarajevo Threatens Peace

AU2602162896 Paris AFP in English
1556 GMT 26 Feb 96

[By Angus MacKinnon]

[FBIS Transcribed Text] Brussels, Feb 26 (AFP)—Peace in Bosnia is in danger of being gravely compromised by the mass Serb exodus from Sarajevo and

the Bosnian government's failure to act to stop it, the international coordinator Carl Bildt warned on Monday.

"What we are seeing now is ethnic separation and that must be reversed," Bildt said after briefing European Union foreign ministers on the deepening crisis in the implementation of the Dayton peace accords.

By failing to prevent the Bosnian Serbs flight from Sarajevo suburbs ahead of the takeover by the Moslem-Croat federation, the Bosnian government was ensuring that it would be much harder to reintegrate refugees into Serb-controlled parts of the country, Bildt said.

"The larger the number of refugees the more difficult the problem. In addition to war refugees we now have refugees from the peace."

Bildt's remarks came after the NATO-led Peace Implementation Force's [IPOR] decision on Saturday [24 February] to allow the Bosnian Serb army to help evacuate Serbs from the Bosnian capital, a decision which has been criticised by UN relief officials.

But in the light of heavy-handed tactics adopted by the federation's police in dealing with the terrified Serbs, the IPOR decision was as "unavoidable as it was regrettable," Bildt said.

Bildt called on the Bosnian government to redouble its efforts to stop the mass flight from Sarajevo and persuade those Serbs who have already gone, many of them having first torched their homes, to return.

"It is more difficult now," Bildt acknowledged. "But it is even more important because the essence of the peace agreement is integration."

Bildt also warned that the resettlement of refugees would be seriously endangered if the big powers did not meet their commitment to provide funds for rebuilding the war-shattered economy.

"Not all the money pledged in December seems to be available today. This is serious and it needs to be rectified in the next few weeks."

An international donors conference in December pledged more than \$500 million for emergency reconstruction work but only around \$80 million from the European Commission has so far been put at the disposal of Bildt's office.

"The risk is that we will simply transform armies of soldiers into armies of the unemployed," Bildt said. If the country had no economic future refugees would never be persuaded to return home, he warned.

Bildt's grim warning on the prospects for a lasting peace emerging in Bosnia came as Hans Koschnick, the EU

administrator of the bitterly divided city of Mostar, told foreign ministers he wanted to leave his post.

Koschnick said he wanted to go as soon as someone could be found to replace him. "I hope that can be done within the next few weeks," he said. In any case he would not extend his current mandate which expires on July 22.

The announcement came just weeks after he was jostled by a mob of Croat nationalists who were furious with his plan to reunify the town, the scene of 11 months of bitter Moslem-Croat fighting in 1993 and 1994.

The German had let it be known he was unhappy with his bosses in Brussels for failing to back him when he faced Croat opposition to his plan to give both Moslems and Croats three districts each of the city and one to share between them.

Both Croats and Moslems have asked the EU to extend its mandate over Mostar until the end of this year. The foreign ministers however postponed a decision on the issue until next month.

B-H: IFOR Escorts Departing Serb Military

AU2602093796 Paris AFP in English
0848 GMT 26 Feb 96

[FBIS Transcribed Text] Sarajevo, Feb 26 (AFP)—At least 20 Bosnian Serb military trucks set off from a barracks outside Sarajevo under French IFOR [Implementation Force] escort Monday [26 February] to start evacuating thousands of Serbs from their homes, an AFP correspondent at the scene said.

Hundreds of Serbs from the suburbs of Vogosca and Ilijas spent the night at the barracks, queuing in the hope of reserving a place for their family on one of the 50 or more trucks, the correspondent said.

A Serb official, who asked not to be named, said two columns of trucks would be used—one military and one civilian—to transport the Serbs from suburbs of Sarajevo which are due to revert to control of the Bosnian Government by March 19.

Five suburbs are due to revert to the Moslem-Croat federation and in recent days thousands of Serbs have left the city in a chaotic scramble to exit Sarajevo before the transition.

The Serb official said the civilian trucks would be used to ferry people out of the suburb of Vogosca, where Moslem and Croat police started patrols Friday, and the military trucks would be used in Ilijas, which is the next suburb to revert to federation police.

The operation would concentrate on Ilijas and Vogosca over the next three days and would then turn to the Serbs of the suburb of Ilidza, he added.

Monday morning, dozens of cars and vehicles were backed up in the narrow twisting lanes outside the Lukavica barracks, as people came seeking a place for them and their goods on the trucks. "It's real confusion," said, U.S. IFOR spokesman Major Tom Moyer.

The start of the operation, which was agreed to by the NATO-led Implementation Force (IFOR) over the weekend, was initially delayed by a disagreement over the types of vehicles the Serbs could use.

Serb soldiers also had to light fires under their lorries to unfreeze engines frozen overnight.

The families of soldiers killed in fighting were being given priority among those seeking to leave, the Serb official said.

B-H: Serb Refugees From Sarajevo Arrive in Brcko
AU2602202996 Paris AFP in English
1901 GMT 26 Feb 96

[FBIS Transcribed Text] Belgrade, Feb 26 (AFP) - The first 150 of an expected influx of 2,000 Serb refugees from Sarajevo have arrived in the northeastern Bosnian town of Brcko, Serb authorities said Monday.

Brcko's status has not been finalised by the Dayton peace accords—it will be decided by international arbitrators—but an expanding Serb population may swing it in favour of the Bosnian Serbs.

The refugees are from Sarajevo's northern suburb of Ilijas which is due to come under the control of Moslem-Croat federation police on Thursday [29 February].

Serb authorities in Brcko said they would be put in temporary accommodation, but Tanya Chapuisat, of the Bijeljina office of the International Committee of the Red Cross, said the Serbs were having problems with so many refugees.

That was partly because the nearly four-year conflict had damaged so many buildings and partly because refugees from western Bosnian had fled there previously.

Chapuisat said there was not enough water in the main shelter which already has some 300 Serbs from the formerly Serb-held region of Krajina in Croatia.

Serb authorities said lorries and buses left Brcko for Ilijas early Monday but it was not sure when they would return with more refugees because of poor weather.

Meanwhile, journalists in Ilijas said 21 Bosnian Serb army lorries had been sent to the suburb from south of Sarajevo to do the same job.

B-H: Serb Assembly on Exodus, Prisoners' Release
AU2402202596 Banja Luka Srpski Radio Network
in Serbo-Croatian 1800 GMT 22 Feb 96

[FBIS Translated Text] The Assembly of the Serb Republic held its 57th regular session in Pale, at which it expressed firm support for the Serbs in Serb Sarajevo to express freely their decision whether to stay in Sarajevo or to move into the Serb Republic.

The decisions adopted at last night's session say that the Assembly supports the efforts of the government and the Republican Committee for Accommodation of the Population aimed at easing the suffering of those who decided to move out. The Assembly firmly rejects the Serb Republic authorities' accusations about encouraging the people from Serb Sarajevo to leave the city, and expresses its support to the authorities' efforts aimed at overcoming the difficulties that have resulted from the imposed war and the sanctions.

The Assembly representatives demand from the international community that all the Serbs held in Muslim and Croat prisons be released and that information be provided about a great number of Serbs of which the Serb Republic has not yet been informed.

The Assembly firmly protests against the kidnapping of the officers of the Army of the Serb Republic, Djordje Djukic and Aleksa Krsmanovic, and demands that they be released as soon as possible. Moreover, the Assembly believes that the Serb Republic has met all its obligations contained in the Dayton accord, which were the conditions for lifting the sanctions, and insists that they be lifted urgently and unconditionally.

B-H: Serb Ministry Files War Crimes Charges
LD2602165096 Belgrade SRNA in Serbo-Croatian
1538 GMT 26 Feb 96

[FBIS Translated Text] Sarajevo, 26 Feb (SRNA)—Up to 17 February the Ministry of Internal Affairs of the [Bosnian] Serb Republic [RS], had filed 2,538 criminal charges against 2,388 persons on the well-founded suspicion that they had committed war crimes against the RS civilian population, mainly in the region of Krajina and Posavina.

Dragan Kijac, RS Internal Affairs minister, told SRNA that "criminal charges have been filed with relevant prosecutor's offices against 1,478 Muslims, 630 Croats, 11 Serbs, one Yugoslav, and 268 persons whose nationality has not been established.

"A list of persons suspected of war crimes has been drawn up and submitted to the ministry's operative units. Any person from the list, if found on RS territory,

will be detained and handed over to prosecution and judicial bodies," Kijac explained.

Asked if the list will be handed over to the Hague tribunal, Kijac said that the decision whether to send the charges and evidence material to The Hague will be made in due course and in line with decisions of the top RS state bodies.

B-H: Goals of Reorganized Serb Democratic Party
AU2202201896 Banja Luka Srpski Radio Network in Serbo-Croatian 1800 GMT 21 Feb 96

[FBIS Translated Text] In view of the situation that arose after the Dayton accord and the preparations for election within the republic, the Serb Democratic Party [SDS] has carried out a necessary reorganization. The executive committee was dissolved and a presidency nominated. SDS presidency secretary (Vlado Vrkas) specified that the presidency will consist of seven deputy presidents in charge of specific regions and a secretary who coordinates the activity of this body and other party bodies.

Emphasizing that the main SDS aim—the Serb Republic as a state of the Serb people—has not changed, secretary (Vrkas) said that at the first, constituent session, the presidency presented the platform for political activity, whose aims are as follows:

[Begin (Vrkas) recording] The first is certainly the most important issue, that of reviving production. Within this, and with the implementation of the Dayton accord, we expect that the unjust sanctions against the Serb Republic will be lifted to create the conditions for our economic program, which we will offer the Serb public in the Serb Republic.

Naturally, the second aim that we defined in our platform, which the government and the assembly are making specific decisions upon, is that the refugees and displaced persons be accommodated and integrated on the territory of the Serb Republic as soon as possible. Moreover, it also anticipates that the demobilized soldiers be accepted and employed in the companies.

These are complex jobs, and I think they will take time and require a positive attitude from our surroundings, primarily the countries that surround us, concerning the lifting of the sanctions against the FRY, as well as of the international community, which should make it possible for the Serb Republic to live freely and to freely conduct trade with its neighbors [end recording].

B-H: Help Requested to Find Missing Bosnian Serbs

LD2602210696 Belgrade TANJUG in English 2050 GMT 26 Feb 96

["Pool" item]

[FBIS Transcribed Text] Banja Luka, Feb 26 (TANJUG)—The (Bosnian Serbs State) Republika Srpska appealed to international factors on Monday to help trace 2,000 missing Serb fighters.

The Republika Srpska has released all prisoners of war, meeting its obligations under the Dayton Peace Accord, Premier Rajko Kasagic told the families of missing soldiers of the Republika Srpska army.

It is now up to the International Red cross and the NATO-led Peace Implementation Force (IFOR) to put pressure on the Croats and Muslims to help shed light on this matter, Kasagic added.

The families of missing soldiers of the Republika Srpska Army's First and Second Krajina Corps asked that the Republika Srpska establish no ties with the Muslim-Croat Federation—the other entity in Bosnia-Herzegovina—until the missing have been traced.

B-H: Rajlovac Serbs Say 50 Percent Want To Stay
AU2302160496 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1400 GMT 23 Feb 96

[FBIS Translated Text] Ismet Cengic, head of the Sarajevo Municipality of Novi Grad, and Jusuf Vates, head of the Novi Grad police station, today visited Rajlovac at the invitation of the Serb population from that district, which is soon to come under the control of the Federation of Bosnia-Herzegovina. The meeting was also attended by the IFOR [Implementation Force] representatives and the international police.

The representatives of the Serb people were interested in guarantees for staying after this district comes under the control of the Federation of Bosnia-Herzegovina. They said that about 50 percent of them would like to stay in that area. Ismet Cengic has stressed: We told them that we guarantee them safety if they stay. Of course, this only refers to those Serbs who have not bloodied their hands. These people can stay there freely. Our federation and the international police will be the guarantors for their safety and all freedoms that are equal for all, Cengic said.

He also issued an appeal to all the Serbs who plan to stay to do everything that they can to protect property, so they can have a place to live and work. If the extremists take everything away or burn everything down, then

there will be no conditions for normal living for those decent Serbs who want to stay nor will the return of refugees to their homes be possible.

B-H: Joint Police Patrols Enter Rajlovac, Nedjarici

AU2602152296 *Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1400 GMT 26 Feb 96*

[Report by Puad Cibukcic]

[FBIS Translated Excerpt] This day, 26 February, will be entered in the history of the sovereign and internationally recognized state of Bosnia-Herzegovina. After Vogosca, the joint patrols of the federal and international civilian police entered the Sarajevo districts of Nedjarici and Rajlovac this morning. With this act, these two districts have become part of the unified capital city of Bosnia-Herzegovina. Our colleague Puad Cibukcic was among those who went to Nedjarici and Rajlovac. Let us hear his report:

[Cibukcic] Today is 26 February 1996. We are standing at the notorious checkpoint, the former checkpoint in Kasindol Street. We are being passed by cars bearing number plates of Ilidza and Serb districts, which are Sarajevo districts. Long columns of vehicles with furniture and household effects are moving from Sarajevo, Nedjarici, toward Lukavica. [passage omitted]

At about 1230, a team from Bosnia-Herzegovina Radio entered the airfield district. Members of the federal (?police) are taking up their positions at the airport district. As we have learned from the commander of the police station, [words indistinct] the federal police will be (?patrolling) the area day and night.

B-H: Muslim Police Barricade Croat Municipality

LD2602140896 *Belgrade TANJUG in English 1308 GMT 26 Feb 96*

[“Pool” item]

[FBIS Transcribed Text] Belgrade, Feb. 26 (TANJUG)—Muslim police have completely blocked the Croat commune Dastansko in the municipality of Vares, central Bosnia, Bosnian Croat radio reported Monday.

President of the Muslim-Croat Federation in Bosnia-Herzegovina Kresimir Zubak, a Croat, urgently requested Implementation Force (Ifor) Commander Leighton Smith and high representative Carl Bildt to help raise the blockade of the area.

Meanwhile, Muslim-controlled Sarajevo radio reported that Bosnian Croat forces had blocked five Muslim communes in the municipality of Vitez, also in central Bosnia.

Muslim officials in Vitez asked Zubak to act in keeping with the agreements reached in Dayton and Rome and to order that the agreement on free movement in the Muslim-Croat federation be put into practice at once and the Muslim communes immediately unblocked.

‘We expect the president of the Muslim-Croat federation to have equal treatment and to help unblock both the Croat and the Muslim communes in the whole federal territory,’ the officials said in a letter to Zubak.

Before Muslims and Croats agreed in March 1994 to form a federation in Bosnia, they had been engaged in bloody one-year conflicts over territories in central and southern Bosnia-Herzegovina.

Although the war between them stopped after they agreed to form a federation, tension is still high in their relations.

B-H: Composition of Police Force in Vogosca

LD2602184296 *Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 2300 GMT 25 Feb 96*

[FBIS Translated Excerpt] Enes Bezdob, head of the Sarajevo Center of Security Services, regarding the situation in the area of the Vogosca municipality, has stated:

Concerning our jobs and tasks, I can say that everything is going according to plan. There are some speculations on the national composition of the Bosnia-Herzegovina federal police which has come to Vogosca. In connection with this, I wish to say that there are altogether 85 policemen working on the territory of the Vogosca municipality. Of this number, 47 are Bosniak, 30 Serb, and eight are Croat nationalities.

They have been joined by exactly the same number of members of the international police forces. I would like to ask all residents and citizens coming to Vogosca to obey police instructions. [passage omitted]

B-H: Serb Army Vehicles Denied in Vogosca, Rajlovac

LD2602210796 *Belgrade SRNA in Serbo-Croatian 2021 GMT 26 Feb 96*

[FBIS Translated Excerpt] Sarajevo, 26 Feb (SRNA)—Jovan Tintor, member of the operational headquarters for the reception and accommodation of the population from Serb Sarajevo, confirmed today that “the Implementation Force [IFOR] does not wish to assume responsibility for the entry of Serb military vehicles in Vogosca and Rajlovac for the evacuation of the Serb population, nor does it allow this to be carried out.”

Tintor told SRNA that representatives of the operational headquarters "contacted IFOR for permission to enter military vehicles in the municipalities of Vogosca and Rajlovac; however, they declined to give permission because Muslim police had already entered the two suburbs."

"We organized the evacuation convoy with only civilian vehicles going to Vogosca and Rajlovac and mainly military vehicles going to Ilijas," Tintor said. [passage omitted]

B-H: Reportage on Controversy Over Federal Police

LD2602223796 Mostar Croatian Radio Herzeg-Bosnia in Serbo-Croatian 1700 GMT 26 Feb 96

[Passages within quotation marks are recorded]

[FBIS Translated Excerpt] According to the law on the internal affairs of the Bosnia-Herzegovina Federation, cantonal ministries should become operational on 1 March. In practice, it would mean that the Ministry of the Internal Affairs of the Croat Republic of Herzeg-Bosnia and the Ministry of Internal Affairs of Bosnia-Herzegovina would cease to exist. The Federal Ministry of Internal Affairs would be obliged to provide jobs for all employees of both ministries.

Muslims, however, behave as if the federal police were already set up and they are gradually taking over the areas that until recently were under the control of Bosnian Serbs. Antun Mrkonjic reports:

[Mrkonjic] After the adoption of the law on internal affairs, a joint Croat-Muslim commission was established. Its task is to produce a series of regulation codes without which the federation ministry cannot function. [passage omitted].

In spite of this, the law provides for the cantonal ministries to start functioning soon. Jozo Leotar, deputy minister of internal affairs of the Croat Republic of Herzeg-Bosnia and the Bosnia-Herzegovina Federation says:

[Leotar] "The law on the Ministry of Internal Affairs states that the cantonal ministries should become operational by 1 March—this is an obligation. In places where the cantonal ministries are not in place, provisional police administrations are to be set up. They will be made up of units of police administrations of the Ministry of the Croat Republic of Herzeg-Bosnia and the Center of Security Services. The minister and his deputy will be in charge of these provisional police administrations until cantonal ministries are established."

[Mrkonjic] It is already evident that the deadlines for the implementation of the law on internal affairs will be postponed. [passage omitted] The Muslim side already behaves as if the federal police was already formed. Without including the Croats, it is slowly taking over control in some areas—Vogosca, Ilijaz, and Grbavica—grossly violating the law, while at the same time, we must admit, quite successfully deceiving the international community. How can this be stopped?

[Leotar] "Yesterday, at a meeting with Mr. Steiner, I questioned the use of the name of federal police. Minister Habib was also present. We agreed that they are not federal units. They have no federal insignia, no federal uniforms, nor is there proportional representation of Croat or Bosniak-Muslim people."

"We must say—to put it conditionally—that the statement made in Mostar on federal police units was not a serious statement. They are policemen of the Bosniak-Muslim people. They will join the local structure of the Bosniak-Muslim police. So, they are not federal police as they have no federal uniforms. How can they be federal police if there are 100 policemen, all of them from among the Bosniak-Muslim people?"

[Mrkonjic] The deputy minister of internal affairs of the Croat Republic of Herzeg-Bosnia and of the Ministry of Internal Affairs of the Bosnia-Herzegovina Federation added that he will personally issue orders to the Mostar police station not to enter joint patrols in the city if, within the given time, the federal police structure is not nationally balanced.

Such examples were known in the past. The Croats have had similar, unpleasant experiences before, at the time when the Muslim army was being formed. At that time attempts were also being made to show how it was a joint army of Bosnia-Herzegovina citizens.

B-H: Prlic Calls For 'Foreigners' To Leave Army

LD2502215396 Zagreb HTV Television in Serbo-Croatian 1830 GMT 25 Feb 96

[FBIS Translated Excerpt] Sunday in Mostar is not different from any other day. Citizens are freely crossing mainly from the eastern into the western part of the city. Purchasing food is the key motive for crossing. [passage omitted]

The issue of the foreigners' sojourn in Bosnia-Herzegovina has again become topical—those foreigners who until recently were members of Bosnia-Herzegovina Army formations. Some of them acquired Bosnia-Herzegovina citizenship through marriage and some managed to obtain diplomatic papers [video shows Iranian passports and dark bearded men].

The security department of IFOR [Implementation Force] headquarters has been highlighting this problem with increasing seriousness.

[Begin recording by Bosnian Foreign Minister Jadranko Prlic, identified by caption] This is an issue that has to be resolved, this is an issue of the overall implementation of the peace process. The international community, and I believe, all institutions of Bosnia-Herzegovina, will not make any exceptions in this connection. That is part of our job, which has to be consistently implemented. [end recording] [passage omitted]

B-H: EU's Koschnick on Resignation, Future of Mostar

AU2702101396 Munich ARD Television Network in German 2130 GMT 26 Feb 96

[Interview with EU Administrator in Mostar Hans Koschnick by Gert Pelletier in Brussels on 26 February—recorded]

[FBIS Translated Text] [Pelletier] Mr. Koschnick, originally your mandate was to last until 22 July, but you told the foreign ministers today that you want to quit your mandate earlier, namely, today. What does this mean, and what are the reasons?

[Koschnick] The mandate was effective until 22 July at the latest, not only my mandate, but also that of the EU Administration. It will now be extended by six months. This wish was expressed by the Bosnian and Croat sides and was decided in Rome. I assume that the EU will agree to this settlement. The most important political phase, the first phase so to speak, of the decisive changes in Mostar was reached on Tuesday [20 February]. Since then, we have had freedom of movement for all people in Mostar, without any restriction. Since then, we have had a united police. The problem has been solved which produced the difficulties in Mostar for so long because the local Croatian police refused to join in. In addition, there is, of course, the fact that there was civil war in this city, and some people are still deeply wounded psychologically. There may be occasional encroachments in the future. Yet, the situation has become irreversible. The city has grown together.

[Pelletier] You only spoke about the people in Mostar. Let us talk about Hans Koschnick, the person. Doesn't the return of your mandate also mean that you had to suffer too many humiliations and too many dangers, including attacks at your life, in Mostar, so that you had to say enough is enough?

[Koschnick] Not because of the assassination attempts. There are terrorists everywhere. We have also had ter-

rorists in Germany, we have them in Northern Ireland, in Corsica—we should not exaggerate this phenomenon, even though it is damned unpleasant to be the object of such an attack. Of course, I am frustrated on one point, because people with whom I worked together on the Croat side to reconstruct the city as a whole and their part, too, backed the attacks and the revolt in a way that I am asking myself whether the basis of trusting and confidential cooperation still exists. I have doubts in this respect, and I think a new face will have a better opportunity.

[Pelletier] How long will it take until you can really say farewell to Mostar?

[Koschnick] Well, I assume that a decision will have to be made—maybe not at the next Council of Ministers' meeting, but at any rate in April—a decision also for me, because a new face must come, and this new man or this new woman will need nine months to implement what has to be done in a way that he or she can say this is my hand and there should be two hands; there should be no copy of Koschnick, but there should be two figures who both worked to make peace in the Balkans, or at least in Mostar, more stable.

B-H: UNHCR Spokesman Criticizes Krajisnik's Behavior

AU2702125796 Sarajevo VECERNJE NOVINE (European edition) in Serbo-Croatian 27 Feb 96 p 3

[B-H PRESS report: "Creating a Siege Mentality"]

[FBIS Translated Text] "The behavior of Momcilo Krajisnik during the meeting with the Serb population in Vogosca was disgraceful. He was obviously manipulating those people," UNHCR spokesman in Sarajevo Chris Janowski said.

"Krajisnik is one of the creators of this media campaign launched by the Bosnian Serbs. He publicly accused the international community of having chosen Vogosca as the first Sarajevo district to change authorities so as to create some sort of a Bosniak siege.

"This contributed greatly to the creation of 'a siege mentality' and fear among the Serbs in Sarajevo districts. That is why I called his behavior disgraceful and manipulative.

"Krajisnik addressed the people saying that he wanted them to stay but that he knew that they wanted to leave. Then he asked the crowds: 'Does anyone want to stay?' and of course got the answer, 'No one does!' I have seen such situations before," Janowski added.

B-H: Krajisnik Urges Serbs To Remember Results of War*LD2102224296 Belgrade SRNA in Serbo-Croatian
2125 GMT 21 Feb 96*

[FBIS Translated Excerpt] Sarajevo, 21 Feb (SRNA)—Momcilo Krajisnik, speaker of the Serb Republic assembly, this evening thanked the people who, according to him, "sucessfully defended all that could be defended in this war."

"We fought not for our territory, but for our state. If we do not realize this, we will be deeply unhappy," said Krajisnik addressing deputies of the republican parliament and added:

"Do not let profiteers cause a rift among you with their intrigues, by trying to divide you by regions. I beg you, regardless of the party to which you belong, never forget the results of the war."

Dwelling on the problem of Serb Sarajevo, Krajisnik said "Serbs [words indistinct] to defend Sarajevo which was already divided, [words indistinct] the case of Mostar."

"Had the people remained in Sarajevo, they would have got their autonomy, but they decided to move out. It is painful to leave one's own town and one's own roots, and the worst of all is to abandon what you cannot take away with you—your graves and your land," said Krajisnik. [passage omitted]

B-H: Karadzic Thanks Yeltsin, Invites Him To Visit
*LD2602203396 Belgrade TANJUG Domestic Service
in Serbo-Croatian 1953 GMT 26 Feb 96*

[FBIS Translated Text] Pale, 26 Feb (TANJUG)—Serb Republic President Radovan Karadzic this evening sent a letter to Russian Federation President Boris Yeltsin thanking him for his decision to suspend sanctions against the Serb Republic.

"Your decision is not only fair but also deeply humane. It reflects the grandeur of Russia which takes care of a small Serb Republic. The Serb people will never forget that," Karadzic says in his letter in which he also invites Yeltsin to pay a visit to the Serb Republic.

B-H: Bildt Meets With Prime Ministers in Banja Luka*AU2702172796 Belgrade Radio Beograd Network
in Serbo-Croatian 1400 GMT 27 Feb 96*

[Report by Branislav Bozic from Banja Luka]

[FBIS Translated Text] With the suspension of the sanctions, the Serb Republic is leaving a sort of ghetto. This was the comment of Serb Republic Prime Min-

ister Rajko Kasagic on the decision of the UN Security Council, which is how all other people feel about it as well. A common sense conclusion tells people that life is going to be cheaper, because, instead of smuggler's and mafia-controlled channels, goods will be coming in through legal trading firms, which, as people think here, will cause prices to decrease that are several times higher than in the FRY. Generally, quite a new economic situation is coming about, which is supposed to make factories busy as well. For instance, right now, only 10 to 15 percent of industrial capacities are in use. Particular hopes are being expressed about steps taken by the FRY Government, especially regarding the resumption of commodity exchange and payment operations, and all reasonable people believe that the Serb Republic will accomplish economic cooperation with the Muslim-Croatian federation as well. In this sense, today in Banja Luka, in the presence of Carl Bildt, a joint meeting between Prime Minister Kasagic, Hasan Muratovic, prime minister of the Muslim government, and Izudin Kapetanovic, prime minister of the government of the Muslim-Croatian Federation, took place. Before entering the conference room, Bildt said briefly that he hoped that the suspension of sanctions against the Serb Republic would speed up the implementation of the peace accord and make possible economic cooperation between the two entities in Bosnia-Herzegovina.

B-H: PM Links Economic Aid to Peace Accord's Success*AU2302191796 Hanau NOVA BOSNA
in Serbo-Croatian 23 Feb 96 p 9*

[Interview with Hasan Muratovic, prime minister of the Republic of Bosnia-Herzegovina, by an unidentified correspondent; place and date not given: "The International Community Must Release Funds"]

[FBIS Translated Text] The prime minister of the Bosnia-Herzegovina Government has responded to the request by NOVA BOSNA's editorial board to comment on the talks in Rome and the latest events in Bosnia-Herzegovina.

[NOVA BOSNA] You were expecting the Rome summit to broach the issue of the slow implementation of economic aid for Bosnia-Herzegovina. However, this and economic development were hardly discussed at all.

The Sarajevo-Gorazde Road

[Muratovic] In Rome, we insisted that the documents include the international community's obligations to the economic reconstruction of Bosnia-Herzegovina. Unfortunately, owing to budget problems in the Senate, the United States has not donated any aid so far.

We were also expecting the issue of the Sarajevo-Gorazde road to be resolved; the Dayton agreement obliges the international community to do this. These expectations have not been fulfilled. If the international community wants the Bosnia-Herzegovina peace plan to be implemented, it must implement the obligations regarding economic aid for Bosnia.

A Good Step

[NOVA BOSNA] What was concretely agreed regarding the use of infrastructure by both entities?

[Muratovic] It was agreed that the Zvornik-Tuzla-Doboj-Banja Luka railroad would be reopened after reconstruction. This would open one railroad line that would be used by all of Bosnia-Herzegovina, so to speak.

Furthermore, we agreed to continue work on using the energy infrastructure, meaning long-distance pylons and the reconstruction of long-distance pylons connected to Europe.

[NOVA BOSNA] Are you an optimist regarding the implementation of the Dayton agreement in Sarajevo and Mostar?

[Muratovic] Yes, I am. I believe that we made a good step when we agreed on Mostar, which is, in fact, part of the comprehensive package that concerns the functioning of the Federation.

It was, therefore, in the interest of both the Bosniak and Croatian side and we linked several issues; both sides made concessions, but all this is in the interest of improving the functioning of the Federation.

[NOVA BOSNA] What about Sarajevo?

[Muratovic] We only discussed Sarajevo as regards the transition, that is, the introduction of Federation authority in those areas that were under Serb control.

We did not discuss the administrative organization or ruling of Sarajevo, as agreements to this effect already exist.

B-H: Ganic, Austrian FM Discuss Economic Support

AU2302170996 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1400 GMT 23 Feb 96

[FBIS Translated Text] An Austrian delegation led by Foreign Minister Wolfgang Schuessel has been visiting Sarajevo today. Ejup Ganic, member of the state presidency, has held talks with the Austrian minister. After the talks, they made statements for journalists.

Ejup Ganic, member of the Presidency of the Republic and vice president of the Federation of Bosnia-Herzegovina, stated that Austria has played an important role in creating peace initiatives in Bosnia-Herzegovina, offering political support and accepting refugees, and has also collected humanitarian aid. He also stressed the economic importance of the visit, since the Austrian delegation also included the representatives of Austria's leading economic institutions.

Minister Schuessel described his visit to Sarajevo as historic. He confirmed Austria's determination to support the project of the Bosnia-Herzegovina Federation and its reintegration and sovereignty, as well as great possibilities for peace. In this context, Schuessel mentioned the humanitarian aid that Austria had been giving to Bosnia-Herzegovina during the aggression, stressing that it will continue to do so, especially with regard to economic reconstruction, which was also a topic of discussion today.

In connection with that, Schuessel said that numerous Austrian companies are prepared to offer help and initiate cooperation with the Bosnia-Herzegovina partners. This would certainly contribute to the economic reconstruction of Bosnia-Herzegovina. According to him, Austria supports the efforts for Bosnia-Herzegovina acceptance to the EU, and will invest all its efforts in this direction.

Commenting on the current situation in Mostar, Ganic said that the situation was more stable in comparison with the past few days, and that the joint police teams are patrolling the Centar district. He also expressed the view that the joint police patrols should patrol the whole town, which would speed up the unification of the town.

B-H: UNSC Suspends Sanctions Against Serb Republic

LD2602225896 Belgrade TANJUG in English
2251 GMT 26 Feb 96

["Pool" item]

[FBIS Transcribed Text] New York, Feb 26 (TANJUG)—The U.N. Security Council approved late on Monday [26 February] a report of the NATO-led peace force (IFOR) on the situation in Bosnia, which entails an automatic suspension of the sanctions against the (Bosnian Serb state) Serb Republic.

The decision fulfilled the promise made to Serbian President Slobodan Milosevic by the United States' negotiators and the 'Contact Group' for Bosnia (Russia, U.S., Britain, France, Germany) at Rome a week ago.

This brings to a successful conclusion Yugoslav diplomacy's efforts to put the Federal Republic of Yugoslavia

(Federation of Serbia and Montenegro) and the Serb Republic back on the international political scene.

The suspension of the sanctions on the Serb Republic should take effect on Tuesday [27 February], 24 hours after the end of the Security Council's session.

The council did not take a separate decision to suspend the sanctions, but only noted that the necessary IFOR report had arrived and was in the affirmative—that it proved, in fact, that the warring parties had pulled out of the zones of separation.

The council's taking cognizance of the report automatically put into effect the provisions of Resolution 1,022 of Nov. 22, 1995, suspending the sanctions against the Serb Republic 24 hours after the body received the report of the Bosnian Serbs' pullout.

NATO Secretary General Javier Solana reported twice—on Jan. 23 and Feb. 9—to the Security Council that the Bosnian warring parties had pulled out of the zones of separation.

B-H: Government, Croatia Sign Several Agreements

AU2602191996 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1800 GMT 26 Feb 96

[Report by Faruk Ajdar]

[FBIS Translated Text] The delegations of the Republic of Bosnia-Herzegovina and the Republic of Croatia, led by Prime Ministers Hasan Muratovic and Zlatko Matesa respectively, today held a meeting in Split. They have signed a number of very important agreements that will regulate the two countries' relations concerning the economy, transportation, and judiciary. Faruk Ajdar reports from Split:

Prime Ministers Muratovic and Matesa have signed a protocol on the origin of goods that will facilitate the implementation of the agreement on economic cooperation and trade. They have also signed agreements on air traffic, legal help regarding civil and criminal matters, the execution of judicial decisions, and the abolition of visas for the citizens of the Republic of Bosnia-Herzegovina from the territory of the Federation. According to the agreement, they will no longer need visas as of 4 March 1996.

The two delegations have examined thoroughly the proposals concerning the use of the port of Ploce in the way that will benefit both sides, remain in line with the Washington and Dayton agreements, and strengthen mutual cooperations.

They have also agreed to set up a joint group that will be headed by Ljerka Mintas-Hodak, deputy prime minister

of the Republic of Croatia, and Neven Tomic, minister of communications and trade in the Government of Bosnia-Herzegovina and the Federation. The group will prepare, by 10 March, draft agreements that will be adopted and signed by the two governments by 15 March.

Having established that it is necessary to speed up and harmonize other agreements in order to strengthen relations as a whole, the delegations have agreed that the two sides prepare for signing the agreement on property relations, the double taxation agreement, the road and railroad agreement, city transportation, and other current problems by 15 March.

Discussing the current political situation, the delegations have expressed satisfaction with the progress in the implementation of the Rome agreement on the normalization of the situation in Mostar, and have appealed to the appropriate institutions to continue strengthening mutual trust.

The also confirmed the importance of the agreement on the completion of the cantonal setup of the Federation of Bosnia-Herzegovina as agreed in Rome. Particular attention was paid to the return of refugees in line with the Dayton agreement. They also discussed in particular the modalities of refugees' return to Velika Kladusa and Cazin, as well as the Federation of Bosnia-Herzegovina as a whole.

Confirming their interest in permanent contacts and cooperation, the delegations have agreed to hold the next meeting in Sarajevo in the middle of March.

B-H: Bosnian Communities Agree on Election Principles

LD2302230596 Belgrade TANJUG in English 2248 GMT 23 Feb 96

[FBIS Transcribed Text] Belgrade, Feb 23 (TANJUG)—Bosnia's three sides reached preliminary agreement on Friday on the basic principles for organising elections, Organisation for Security and Cooperation in Europe (OSCE) spokesman Robert Frowick said in Sarajevo.

The elections should be held by September and organised and supervised by the OSCE, under the Dayton peace accord for Bosnia.

Representatives of the (Bosnian Serb state) Republika Srpska and the Muslim-Croat Federation met in Sarajevo to thrash out with the OSCE's help ways and means for holding local and general elections throughout Bosnia-Herzegovina, news agencies said.

The franchise should extend to displaced persons and refugees, too. At least 900,000 of the about two million refugees are believed to be eligible for the suffrage. They will vote in districts where they lived in 1991, before the outbreak of the Bosnian civil war.

Voters' registers, compiled on the basis of a 1991 population census, should be published by March 31.

A complex election system envisages for holding municipal elections throughout Bosnia-Herzegovina and electing a parliament and a three-member presidency of Bosnia-Herzegovina.

Also, there will be cantonal and parliamentary elections in the Muslim-Croat Federation, and parliamentary and presidential elections in the Republika Srpska.

B-H: 22d Division Marks 1st Anniversary in Gracanica

AU2602200096 Sarajevo Radio Bosnia-Herzegovina
Network in Serbo-Croatian 1800 GMT 26 Feb 96

[Report by Rafida Djulic]

[FBIS Translated Excerpt] The 22d Division of the land forces marked its first anniversary in Gracanica today. The ceremony was attended by representatives of the Tuzla-Podrinje Canton, the municipalities of Banovici, Lukavac, Doboj, and Gracanica, representatives of the 2d Corps headed by its commander Brigadier Sead Delic, and many other guests. Here is a report by Rafida Djulic:

Since 15 April 1992, from the group of the patriotically oriented citizens of the Gracanica citizens and through the further grouping of forces, we have arrived at what can be rightly called an army that has been a savior during the harsh and bloody conditions of war. As part of the process of grouping the units for carrying out actions of greater proportions, on 26 February 1995, the Operations Group Two became the 22d Division, whose area of responsibility is between Gradacac and Zavidovici. September 1995 was the time of our greatest successes since the beginning of the aggression on Bosnia-Herzegovina. The joint units of the 2d Corps, together with the 3d Corps, managed to liberate almost half of Mount Ozren. The municipalities of Banovici and Lukavac were liberated completely. The contribution of the 22d Division of the land forces is immeasurable. This is not a secret, nor is it disputable. Under the pressure of the international community, we had to stop advancing, although the liberation of Mount Ozren and Doboj was quite certain. This was stated by the commander of the 22d Division, Major Hasan Mostarlic, at the ceremony today. [passage omitted]

B-H: Relief Agencies Said Avoiding Serb Areas

AU2702090596 Paris AFP in English
0844 GMT 27 Feb 96

[By Mark Rice-Oxley]

[FBIS Transcribed Text] Tuzla, Bosnia-Herzegovina, Feb 27 (AFP)—Aid agencies working in Bosnia are concentrating their efforts in the part of the country controlled by the Moslem-Croat federation and neglecting the pressing needs of the Bosnian Serbs, aid workers believe.

Of a dozen humanitarian and developmental aid agencies questioned by AFP, only three have representation in the half of the country controlled by the Serbs. "Very few donors were ready to give money for the Serb side because they see no guarantee of long-term stability," said Michel Thieren of the World Health Organisation (WHO), which has five offices in Bosnia, but none on the Serb territory.

The WHO is going to extend its presence to Banja Luka, the largest Serb-controlled town, and itself in great need of aid, he said, but added: "the Serbs are still considered the offender in some circles."

Large international organisations like the UN High Commissioner for Refugees and the International Committee of the Red Cross stress their balanced approach, with even-handed presence across Bosnia. But smaller NGOs tend to concentrate their efforts with offices in Sarajevo, Tuzla and often Zenica, officials admit. The US-based International Medical Corps, for instance, held back up until now for political and security reasons. "Before it wasn't safe to go," said IMC spokesman Mark Anderson. "But now, when we talk to individual health centres they are very interested in our help."

The need for aid in Bosnia's Serb-controlled territory has been highlighted in recent days by the scenes of thousands of desperate Serbs leaving Sarajevo's suburbs, which are due to come under Bosnian-government control on March 19.

The departing thousands join countless other Serbs displaced from their homes in Croatia and western Bosnia during the last weeks of fighting in the near four-year conflict.

"There are lots of needs, especially in Banja Luka, the same needs as those here," said Catherine Romputo of Medecins Sans Frontieres, a European medical charity and one of the few organisations with representation on the Serb side.

Romputo dismissed suggestions that logistical reasons were stopping other aid agencies from working in Serb territory.

"It's not really that difficult," to work in Serb territory, Romputo said. "The help (being provided) at the moment is not appropriate to the needs," she added.

Spokeswomen for Save the Children and UNICEF disagreed.

The conditions of war made operating on the Serb side almost impossible, they said, admitting that their organisations had yet to get round to opening offices in Serb territory the two months of peace in Bosnia.

"Before the peace agreement (signed in Paris in December) it would have been impossible to work on the other side," said Carla Gale of Save the Children who has no plans to add to its four offices in Bosnia.

The US Agency for International Development (USAID) has announced meanwhile plans for a 10-million emergency aid package for the Tuzla region, and 200 million earmarked for all of Bosnia for 1996. An informed source, who asked not to be identified, said development aid would target exclusively government-controlled territory while humanitarian aid projects would remain universal.

The source said donor governments were reluctant to commit aid to the Serb side until such time as the Serb leadership fully complies with Bosnia's Dayton peace accords, turning over war criminals and holding elections.

Croatia: 'Tensions' at Talks in Split Reported

AU2602190796 Paris AFP in English
1900 GMT 26 Feb 96

[FBIS Transcribed Text] Zagreb, Croatia, Feb 27 (AFP) — Talks aimed at unblocking progress within the fledgling Moslem-Croat federation failed Monday to mask growing fissures over imminent arms deliveries.

The talks in Split between Bosnia's Prime Minister Hasan Muratovic and his Croatian counterpart Zlatko Matesa ended with some progress on economic and legal accords firming up the federation, established in Washington in 1994.

The question of Bosnian access to the Adriatic, via the southern Croatian port of Ploce, remained open.

Bosnia had been hoping to use the talks to apply pressure on the Bosnian Croats via the Croats' political sponsors in Zagreb.

Lack of significant economic and political cooperation has dogged the partnership, the bulwark of the Dayton peace accords.

But new tensions erupted over the weekend over imminent arms deliveries to help the Moslems restock their arsenal which are allowed by the Dayton accord.

Croatian Defence Minister Gojko Susak said Saturday that the "uncontrolled" arming of Bosnia's Moslems was now "the greatest threat" to peace in Bosnia.

Bosnia's Moslems were widely regarded as the most weakly armed of the three main factions during Bosnia's three-and-a-half year war but Susak, a hardline Croat nationalist, said their military weakness had been "often exaggerated."

"Their insistence on obtaining weapons immediately, notably heavy weapons, shows how certain problems related to the (Moslem-Croat) federation could be settled in the future," he added.

Bosnian Croats in the Moslem-Croat federation set up in March 1994 ending nearly 11 months of violent Moslem-Croat conflict must be given joint control over any weapons given to the federation, he said.

He said the weapons would start arriving in federation territory on March 15 and "notably after June 16," under the terms of the Dayton agreement. He also warned of what he called "the long term strategic interest" of "certain radical Islamic countries" in Bosnia.

The Croat side believes its officers in Sarajevo are kept apart from the decision making process since the signing of the Dayton accords in Paris last December.

The U.S. architects of the accords began trying to smooth out that particular problem at the weekend, bringing Bosnian army commander General Rasim Delic and the leader of the Bosnian Croat HVO militia, General Zivko Budimir, to the United States.

The two men, who arrived in the United States on Sunday, are due to discuss the establishment of a joint army.

The Croats have also accused Sarajevo of creating an internal intelligence network "tasked with spying on Croats," to use the blunt words of the Croat daily Slobodna Dalmacija.

The newspaper named the new agency's chief as Bakir Alispahic, whom it said was a former member of the Bosnian security service.

Another Croat daily, Vjesnik, said Monday: "Sarajevo does not consider the Croats as equal partners in the federation... They have quickly forgotten that the Croat army helped them to liberate half the country."

Another sign of tension is apparent within the federation police force, whose first patrols began in Vogosca, a Sarajevo suburb reverting to the federation under Dayton, last week. The Croat police force say the majority of officers on those patrols were Moslems.

"Susak is looking for a pretext for a new conflict," former Yugoslav president Stipe Mesic, a Croat, told AFP.

"The problem is that the Croats are not at the centre of Bosnian politics," he added. "The Serbs have Banja Luka, the Moslems have Sarajevo and the Croats only have a divided city, Mostar."

Croatia: Matesa, Muratovic Praise Split Talks

LD2602173196 Zagreb Radio Croatia Network
in Serbo-Croatian 1600 GMT 26 Feb 96

[FBIS Translated Text] Delegations of the Croatian Government and the government of the Republic and the Federation of Bosnia-Herzegovina met in Split today. Dragica Lemesic has a report on the conclusions reached:

[Lemesic] After talks that were held this morning in an extremely cordial and working atmosphere, Croatian Prime Minister Zlatko Matesa, Bosnia-Herzegovina Prime Minister Hasan Muratovic, and Mato Tadic, minister of justice of the Federation of Bosnia-Herzegovina, signed a number of agreements on bilateral cooperation: a protocol on the origin of goods which facilitates the implementation of an agreement on economic cooperation and trade; an agreement on air traffic; a protocol

on the suspension of visas from 4 March for Bosnia-Herzegovina citizens in Croatia; and two agreements in the sphere of justice.

Expressing satisfaction at the agreements reached, Prime Ministers Hasan Muratovic and Zlatko Matesa made brief statements:

[Begin Muratovic recording] We are hopeful that the Serb entity will join these agreements following elections. Therefore, these agreements are valid mainly for the Federation of Bosnia-Herzegovina and the Republic of Croatia, apart from those referring to the international identity of Bosnia-Herzegovina.

I would like this sort of cooperation to continue and would like to express my pleasure and view that cooperation between the Republic of Croatia and Bosnia-Herzegovina is developing in the spirit which can set an example both in this region and perhaps in Europe, given conditions in which these talks are taking place. [end recording]

[Lemesic] Assessing the Split talks, Prime Minister Matesa said:

[Begin Matesa recording] Ladies and gentlemen, I cannot help beginning with the same topic as my esteemed colleague Muratovic did — the atmosphere in which the talks were held today. I have to admit that I have rarely in my career attended a meeting between two delegations, two governments, two states, where talks were held in such a friendly and constructive atmosphere. As my esteemed colleague said, we examined what has been done since the session of the council for cooperation under the chairmanship of President Tudjman and President Izetbegovic in Sarajevo, as you know. The result is the great number of agreements signed. [end recording]

[Lemesic] Both Croatian Foreign Minister Mate Granic and Bosnia-Herzegovina Foreign Minister Jadranko Prlic assessed the Split talks as extremely successful and useful for both countries.

Passage through Neum and the use of the port of Ploce, in which the Bosnia-Herzegovina government is very interested, will be examined by a joint group at ministerial level which will draw up a coordinated draft agreement by 10 March to be signed at the next meeting in Sarajevo on 15 March by governments of the Republic of Croatia and the Federation of Bosnia-Herzegovina.

Croatia: Beli Manastir Officials on Refugee Settlement

AU2302184596 Beli Manastir Srpski Radio in Serbo-Croatian 1700 GMT 21 Feb 96

[Report by Emil Leleta]

[FBIS Translated Excerpt] The 80th session of the Executive Council of the Beli Manastir Municipal Assembly, chaired by Vaso Zigic, is being held in Beli Manastir. Several important issues were placed on the agenda: activities and measures to strengthen constitutionality and legality, deterrence of all kinds of crime on the territory of the Beli Manastir municipality, report on the realization of program of settlement and accommodation of refugees from occupied parts of the Republic of Serb Krajina on the territory of the Beli Manastir municipality, with an emphasis on the functioning of the Batina reception center, report on the Beli Manastir Radio and Television's operations, and other issues. [passage omitted]

In addition to the said activities and other priority tasks, with the help of Serb lands and the international community, the region has the capability and will persist in settling at least 5,000 refugees from occupied parts of the Republic of Serb Krajina. All in all, the future of the Serb nation and this Serb land is undoubtedly going to be brighter, but that will first of all depend on what we do ourselves. The results will mirror our involvement and every one of us — from local officials to municipal officials — can and must do his or her part of the job that will eventually be reduced to the only possible area of Serb municipalities of the Srem-Baranja District in which all human rights of citizens, as well as the safety of their property, are and will be guaranteed. [sentence as heard]

Discussing the program of settlement and housing problems of refugees from the occupied parts of the Republic of Serb Krajina on the territory of the Beli Manastir municipality, with an emphasis on the functioning of the reception center in Batina, it was decided to act on the decision of the Executive Council of the Beli Manastir Municipal Assembly not to accommodate refugees in houses of non-Serbs, nor in houses of Serbs who do not have enough living space. Refugees will be accommodated only in empty houses, or in those with extra room available. We must develop closer cooperation with local communities as well as with international humanitarian organizations. [passage omitted]

A warning was issued at the session that individuals working against the interests of Baranja would be forced to leave the region. In addition to municipal authorities, the refugee union will also get involved in the program.

while the Beli Manastir union of soldiers prepared a special program to that end. About 2,000 people came to Baranja so far and more than a thousand have already been accommodated. The implementation of the plan is in progress, but it can and must proceed better and faster, because we have all that it takes — from available housing, to available farm land, to humanitarian and other aid.

As we report this, the session of the Executive Council of the Municipal Assembly is still under way. Other decisions and reports will be presented in tomorrow's newscasts on Serb Radio Beli Manastir.

Croatia: Serbs Allegedly 'Deprived' of Human Rights

LD2502182796 Belgrade TANJUG in English
1816 GMT 25 Feb 96

[FBIS Transcribed Text] Kragujevac, Yugoslavia, Feb. 25 (TANJUG) — The remaining Serbs in Croatia have been deprived of fundamental human rights and freedoms, president of the Serb People's Party and deputy to the Croatian Parliament said Sunday. [sentence as received]

Speaking in an interview with Kragujevac Radio in central Serbia, Djukic said that he expected this problem to be solved under international pressure.

"I therefore call on all Serbs in Croatia to stay in their homes in the hope that those who have fled would return," said the leader of the party which rallies Serbs in Croatia.

According to information available from Yugoslav official institutions, about 550,000 Serbs have left their homes in the territory of the former Yugoslav republic of Croatia since the outbreak of Croatia's war of secession from the former Yugoslav federation in 1991.

Many of them were driven away during Croatian military offensives on western, southern and northern parts of the republic of Serbs Krajina in the summer of 1995.

The percentage of Serbs in the overall population of Croatia has been reduced from 13 in 1991 to barely two or three percent at the moment.

Thousands of Serbs were also killed in Croatia's military assaults and their property was either taken away or burned.

Djukic described as dangerous Croatia's attempt to make the settling of the problem of Serb refugees and their property conditional on successful normalization of relations with the Federal Republic of Yugoslavia.

"It is just another trap," he said, and wondered whether they were actually being used for bargaining purposes.

Croatia: Mesic Says Opposition Fears Arrests

AU2602172396 Sarajevo Radio Bosnia-Herzegovina
Network in Serbo-Croatian 1400 GMT 26 Feb 96

[Report by Nada al-Issa from Zagreb]

[FBIS Translated Text] In neighboring Croatia, the opposition today protested against the statements made by President Tudjman in his speech at the session of the Main Committee of the Croatian Democratic Community (HDZ). Some opposition leaders are even saying that they are afraid of arrests. This was also confirmed by Stipe Mesic on behalf of the joint opposition in an interview for our correspondent Nada al-Issa.

[Al-Issa] The opposition's accusations and attacks on President Tudjman are now inconceivable strong. Everyone has reacted, both the opposition and the workers. The opposition has reacted rightly as President Tudjman declared the entire opposition to be the state's enemy number one. According to him, the opposition wants to bring down him, the HDZ, and the state. The working people are criticizing him sharply for reproaching the workers for recent strikes during which the workers demanded at least decent salaries to survive.

The sharpest criticism [words indistinct] came from the democratic diaspora, which, in its open letter to the president, said that they would never have voted for him if they had known, as they said, that he would lead Croatia to totalitarianism and turn it into a fascist-Bolshevik creation of the Sicilian Mafia type and that he would introduce the kuna and set up the body [words indistinct] as did Pavelic during the Independent State of Croatia [during World War II]. They accuse him of allowing the opening of concentration camps for the Bosniaks. They wonder what kind of democracy he has created in the country when the defense minister greets other people with fascist salute.

Their message to the president is not to be surprised if The Hague calls him to account for everything he has done to Bosnia together with Milosevic since the Karadjordjevo meeting. The opposition is very embittered. They say that they are even afraid of arrests. Speaking on behalf of the joint opposition, Stipe Mesic says:

[Begin Mesic recording] The crisis already exists. With his speech, the president has in fact not achieved anything he had intended to achieve. He has produced a countereffect. The people have realized what is happening. He is defending the totalitarian authorities in an inappropriate way. He is even threatening with

state mechanisms. In other words, we expect arrests. If he says that the state mechanisms must undertake measures, this then means the end of a political struggle, and the beginning of state repression. So, I would not be surprised with the arrest of leading opposition members who now clearly know what this is all about.

Unfortunately, some people in the world pretend not to understand what is happening. They know what is happening in Croatia. But they want to establish peace in Bosnia-Herzegovina, they want to fence off that area that is the most dangerous. Democracy in Croatia is in the second or third place on their list of priorities. I hope that these factors will understand that there is no peace in Bosnia-Herzegovina as long as totalitarianism in Croatia is flourishing. [end recording]

[Al-Issa] It is no longer advisable for foreign correspondents in Zagreb to talk to representatives of the opposition. In his speech, President Tudjman stressed yesterday and the day before yesterday that foreign journalists are damaging the interests of the Republic of Croatia by publishing statements of members of the opposition.

Croatia: Social Democrats Assail HDZ Session

*LD2602204696 Zagreb HTV Television
in Serbo-Croatian 1830 GMT 26 Feb 96*

[FBIS Translated Excerpt] Several opposition parties held news conferences today. The seventh convention of the Social Democratic Party of Croatia [SDP] is to be held in Zagreb on 9 and 10 March, SDP Chairman Ivica Racan said at a news conference today. [passage omitted] SDP leaders spoke in critical terms about the Croatian Democratic Union main committee session, saying the party completed equated itself with the state:

[Begin Zravko Tomac, SDP deputy chairman, recording] As if we had returned in a time machine to some distant period when party congresses were held at which the state made decisions on everything through the party. [end recording]

The future of the state, according to the SDP, lies in the creation of a strong democratic opposition which would oppose the ruling party in a realistic way.

Croatia: Diaspora Organization Accuses Tudjman of Fascism

*LD2602182696 Belgrade TANJUG in English
1716 GMT 26 Feb 96*

["Pool" item]

[FBIS Transcribed Text] Zagreb, Feb 26 (TANJUG) — The Democratic Croatian General Assembly (DEHOS), a Croat organization in diaspora operating in Germany

and in Austria, accused again Monday Croatian President Franjo Tudjman of fascism and racism.

In an open letter to the Croatian public, DEHOS assessed that Tudjman's regime was a 'Sicilian Mafia-type Fascist-Bolshevik creation'.

DEHOS said the assessment was made because Tudjman's defense minister raises his hand in Nazi greeting, because Tudjman has territorial claims in neighbouring countries and because he had allowed the setting up of concentration camps during the war with Bosniaks (Muslims).

Tudjman is a fascist also because he changed the name of the square of victims of fascism in Zagreb, set up the repressive UNS (National Security Office) and returned the kuna (currency used in fascist Croatia during World War II), the DEHOS letter said.

'You are a Bolshevik both by breeding and origin, and that is how you organized the party and state,' the letter said. The hypocrisy cannot hide the old Stalinist in him, DEHOS said in the letter published Monday by the Rijeka daily NOVI LIST.

DEHOS sent the letter to the Croatian public in response to accusations made by Franjo Tudjman, two days ago, that DEHOS is instigating the opposition to overthrow the authorities.

Croatia: Article Notes Concern Over Media Control

*LD2602124796 Belgrade TANJUG in English
1150 GMT 26 Feb 96*

[Article by Savan Tomasevic]

[FBIS Transcribed Text] Zagreb, Feb. 26 (TANJUG) — The Croatian Trade Union of Reporters and the Croatian Reporters' Society recently appealed to its members to join the wave of strikes which has swept over Croatia, but it is hardly likely that reporters, especially those working for state media, would dare begin a strike, although they have many reasons to be dissatisfied.

When Croatian President Franjo Tudjman and his party, the Croatian Democratic Union (HDZ), came to power, the strongest media were placed under total control and the people most loyal to HDZ and Tudjman came to their helm. Croatia forcibly seceded from the former Yugoslav federation in 1991.

Purges were severe. All 'unfit' reporters and editors were sacked. According to figures announce at the time by independent news circles, about 600 reporters lost their jobs at the time.

The international community is displeased with the state of media in Croatia and the degree of freedom of

public speech. This is why it insists that the question of freedom of media must be settled before Croatia is admitted to the Council of Europe or other European institutions.

All three national programs of Croatian television are state controlled now and all three channels broadcast the same central news in the evening.

Radio programs are not any better, and there are a few local radio stations, but, even though they are slightly more open, it cannot be said on the whole that radio stations are independent.

The situation with papers is slightly better. One of the five dailies published in Croatia is independent, although some of the other totally state-controlled ones claim to be 'independent' as well.

Only NOVI LIST of the port-city of Rijeka has managed to avoid being influenced by the ruling party. Recent hot polemics of the paper with Croatian state television on an article entitled 'Tudjman definitely shows he is a brutal dictator,' have shown that NOVI LIST remains open to a completely different view on political developments in Croatia.

Attempts by VJESNIK of Zagreb and SLOBODNA DALMACIJA of Split more openly to criticize the authorities and make room for an opinion other than that of the ruling circles, recently resulted in replacements of editors-in-chief Kresimir Fijacki and Josip Jovic.

The weekly FERAL TRIBUNE of Split is definitely the most severe critic of the authorities among weekly magazines in Croatia.

Although the Zagreb regime did everything to blunt its edge, the weekly stayed firmly away from the authorities and is strongly resisting all pressures from ruling structures, exerted also through regime media.

Sharp criticisms of the authorities can also be seen on the pages of the magazine HRVATSKA LJEVICA whose editor is Stipe Suvar, former senior official of the League of Communists of Croatia.

Zagreb's weekly GLOBUS, with a slightly longer tradition than HRVATSKA LJEVICA, is also critical of the authorities and publishes texts for which it is often targeted by state-controlled media.

The situation is similar with the new weekly NACIONAL, which is similar to GLOBUS according to editorial policy. The circulation of these weeklies is relatively high, while weeklies which are close to the authorities record huge drops in sales.

There are also papers with open fascist views in Croatia, including HRVATSKI VJESNIK of the eastern town

of Vinkovci. This paper is characteristic for advocating hatred of Serbs.

A new paper was recently inaugurated in Zagreb when the first number of NEZAVISNA DRZAVA HRVATSKA (Independent State of Croatia), published by the Croatian Liberation Movement (HOP), appeared on news stands. This movement was founded from among post-war emigrants by Ante Pavelic, head of the nazi-fascist independent state of Croatia of World War Two.

Croatia: HDZ Protests Closure of Cologne Radio

LD2502193296 Zagreb HTV Television
in Serbo-Croatian 1830 GMT 25 Feb 96

[FBIS Translated Text] The Main Committee of the Croatian Democratic Union [HDZ] has sent a letter to German Chancellor Kohl in connection with the closure of the Croatian service at the Cologne WDR Radio, expressing the surprise and concern of 600,000 Croats living in Germany and the entire Croatian public. The Main Committee appeals to the German chancellor to restore Croatian service at the Cologne radio.

Croatia: New Intelligence Chief Explains Organization

AU2602115696 Zagreb HRVATSKI OBZOR
in Serbo-Croatian 19 Feb 96 pp 12-14

[Interview with Luka Bebic, head of the Office for National Security, by Boris Komadina; place and date not given: "We Do Not Want To Work Like the UDBA [Intelligence Service in the former Yugoslavia]"]

[FBIS Translated Text] Many people were surprised by the recent appointment of Luka Bebic as head of Office for National Security. Even Bebic himself said that he had not expected his appointment. His political career went in that direction, however. Bebic is a member of the first HDZ "cast" and one of the few members of parliament who has retained his seat for a third successive time. He has had many functions in the Croatian Parliament but his longest duty was that of chairman of the Committee for Internal Politics and National Security. From that position he went on to the silence and loneliness of the villa that used to be Bakaric's [late high-ranking communist politician], which is the National Security [UNS] headquarters.

[Komadina] The UNS is a parent organization that coordinates the work of all other intelligence services in Croatia. The office you lead was given these powers after the Law on the UNS was adopted in June 1995.

[Bebic] The UNS is a state executive body whose primary task is to coordinate, analyze, and harmonize the

work of all state bodies whose activities are connected with national security.

Apart from that, there is a body within the UNS, foreseen by law, the name of which is Main National Security Committee (SONS). Its task is to regulate, coordinate, analyze, and direct activities in connection with national security in the ministries.

[Komadina] Who are the members of the SONS?

[Bebic] Foreign Minister and Vice Prime Minister Mate Granic, Defense Minister Gojko Susak, Interior Minister Ivan Jarnjak, Finance Minister Bozo Prka, and — if the topic of a particular meeting involves this portfolio — Reconstruction and Development Minister Jure Radic. SONS meetings are chaired by the UNS head, and the UNS deputy head is a member; so is Miroslav Tudjman, head of the Croatian Intelligence Service [HIS].

In other words, this body coordinates, analyzes, and directs all tasks in connection with national security. To be able to carry out these tasks, the SONS gives instructions to the Coordination Committee of the UNS Intelligence Community.

The Intelligence Community of the UNS has its own Coordination Body, which carries out the instructions it gets from the president of the republic, the SONS chairman, and the UNS head. The task of the Intelligence Community is to collect data of importance for national security, especially those important for the foreign and defense policies and the economic benefit of the country. These are the overall tasks of national security. Specific tasks include stamping out terrorism and organized crime, the protection of the political leadership as well as foreign diplomatic services in Croatia, institutions of national interest, and Croatian diplomatic offices abroad. Our task is also to protect the country from foreign intelligence activities.

[Komadina] Who are the members of the Intelligence Community?

[Bebic] Its members are the Croatian Intelligence Service and other services within ministries whose activities are connected with national security. They include: the Service for the Protection of the Constitutional Order, which belongs to the Ministry of Internal Affairs, the Safety and Information Service and the Intelligence Administration, both at the Defense Ministry, and the Office for Military Representatives and Protocol at the Ministry of Foreign Affairs.

Coordination is necessary if two or more services are asked to act together. If we want to avoid certain jobs being duplicated and ensure that they are carried out as efficiently as possible, synchronization is necessary.

It is important to point out that the activity of the Intelligence community is based on the rule that the possibility of interference with the powers and legal responsibilities of any single service within ministries is excluded. If there is coordination, every service accomplishes the tasks it is in charge of according to the law, which means that it can operate in its own way.

[Komadina] Are you, as UNS head, Smiljan Reljic's superior, for example, who is the head of the Service for the Protection of the Constitutional Order [SZUP], which operates within the Ministry of Internal Affairs?

[Bebic] Mr. Reljic, as the SZUP head, is one of the important members of the Intelligence Community. Apart from being a member of the Intelligence Community, Mr. Reljic also performs special tasks he has within the Ministry of Internal Affairs, which are not always connected with the work of the Intelligence Group.

[Komadina] HIS activities seem to be covered with a veil of secrecy. Certain press reports claim that the HIS has been formally abolished as a separate service.

[Bebic] It can be noticed that HIS is being unnecessarily mystified. It has not been abolished; rather, it is one of the most important agencies. Its task is to harmonize and direct the services of intelligence communities in other security fields in state bodies and services, which is in the interest of national security.

It is exclusively responsible for the collection of analyses and data from abroad and their assessment. Its tasks do not include the territory of the Republic of Croatia, or — in other words — HIS activities on Croatian territory are aimed only at foreigners, not at Croatian citizens.

It also cooperates with foreign intelligence services. It collects, analyzes, and assesses the information other members of the Intelligence Community are obliged to submit.

It has its analysts and appropriate means that enable it to gather all this information. I would like to repeat that HIS is not in charge of Croatia and Croatian citizens. A HIS officer is not allowed to arrest citizens; such claims are wrongful and tendentious. In certain circumstances this may be done by another UNS segment.

[Komadina] Has the SONS had its first meeting yet?

[Bebic] Yes, it has.

[Komadina] Its meetings are in other words not public.

[Bebic] No, they are not. It must be pointed that an act is being prepared now that will regulate the work of

the SONS. It must be approved by the president of the Republic, and the Committee for the Internal Policy and National Security of the Chamber of Representatives of the Parliament must give its preliminary opinion. This act is being discussed now and it will soon be submitted to the Committee for Internal Politics and National Security.

[Komadina] When can this be expected?

[Bebic] At the end of this or at the beginning of the next month. The question of a control mechanism is very important, however, in order not to exceed the limits of laws and the Constitution. It is the control mechanism that always causes polemics in the public about whether it is strong and efficient enough.

I can claim with responsibility that we constantly protect the president of the republic, as provided for by Article 94 of the Constitution and by the Law on the UNS. Apart from that, there are reports the UNS is obliged to submit to the government in connection with the work of the state ministries on tasks related to national security, and after all, there are also regular yearly reports that must be submitted to the Committee for the Internal Politics and National Security. If the Committee so decides, the reports on single issues the UNS is in charge of may be required even more often. The Committee is at any moment entitled to ask for a report about a certain segment of tasks the UNS is in charge of.

It must be pointed out that the reports I have mentioned are marked as state secrets, which is foreseen by the law. Since the Committee consists of representatives of several political parties, it means that there is parliamentary control. It is everyone's obligation to keep the state secret.

It is only natural that not everything the UNS does is a state secret, but there are single issues that are secret and must not be disclosed in the public. This is the case everywhere in the world.

[Komadina] Which are the criteria for the selection of the UNS personnel?

[Bebic] The complete work of the UNS is based on analyses. In order to be able to make a good-quality analysis, one must have the knowledge. Since the HIS is the basic UNS service into which data are flowing, professional analysts and computer science specialists are necessary. They are certainly not agents in the classic sense. They sit in their offices and analyze the data they get from the Intelligence Community, but they are also entitled to collect data. These people are the backbone of the UNS.

[Komadina] Is there the criterion of party membership in order to be employed by the UNS?

[Bebic] I really do not know. The selection is regulated by statutes and laws. I have not learned about these details so far. I do know, however, that we are still looking for employees.

In any case, we want to create a modern service that will be analytical in its work and professionally assist the work of the president of the Republic and the government in the conduct of state policies.

We want to work successfully by applying modern methods of work. Regardless of how many friends Croatia has or how many people who are more or less well-disposed toward it, we must be aware of the fact that all foreign intelligence services work on the observation and analysis of the situation in Croatia. This is what we have to do too in order to protect our young state, which is still establishing its institutions. We want to do this in a modern way, making use of modern achievements and technologies young people are in command of.

[Komadina] How is the UNS financed, and how much money do you need for normal work?

[Bebic] The UNS is financed from the state budget. Parallel with the establishment of the state, we established state institutions. I would like to make a comparison. Big costs for a small child come only after the mother has given birth to it. This is the case with our service too. It is necessary to keep up with modern technology, which is not cheap. You must also know that our premises are not big enough. All these problems are being resolved in a satisfactory manner, however, and they do not slow down the development of our service.

I think that the SONS is very important, since it will improve the efficiency of the work through ministries. The financial police, for example, will not embark on a task without Minister Prka's knowledge. He is the one who is responsible for it to both the government and Parliament, and the same applies to the SZUP and Minister Jarnjak.

[Komadina] Does the UNS have reserve personnel?

[Bebic] It does not. Identification badges and passes have been made for us. Strict records are kept. Passes with special powers are issued by the UNS head. All passes have been manufactured with a special technology and are fully protected against forging.

[Komadina] Some media accompanied your appointment with commentaries claiming that it is a formal chairmanship in order to respond to international political pressure.

[Bebic] These are lies fabricated by some papers to boost their circulation. Time will tell whether I am formally or truly the UNS head. Everyone is entitled to his own opinion, including those who consider me a second-class or fifth-class politician. I have been in politics for too long to be hurt by such stories. Allow me to make a joke, this is always good, and especially in this job. It is good if the enemy underestimates you.

Nothing is a coincidence, however, especially not in politics. I am not curious, and I do not want to know anything I do not have to know. At the moment I am only interested in the functioning of the service. I do not want to know anything that would burden me and take the time reserved for something more important.

We have not planned to work on individuals. This is not our task. We do not want to work according to UDBA's patterns, or the patterns of similar communist services. People still think in this way, however, since they have been brought up in fear of the secret services. It is difficult to get rid of this way of thinking.

We want to organize our service according to Western models. First of all according to those of the United States, Germany, Israel, France etc.. There is much we can learn from them and transmit to our intelligence system.

[Box, p 13]

Protection Division Only in Accordance with Law

The basic organizational units of the UNS are the HIS, the Supervision Division, and the Protection Division.

The Supervision Service has the task of carrying out internal controls. In other words, its duty is to control the activities of the Intelligence Community members. It supervises the lawfulness of the work within the Intelligence Community.

The employees of the UNS have the powers of public servants, and persons with special powers are determined separately. The special powers arise from Article 2 of the UNS Law Act, which says that the UNS, among other things, also works on counterintelligence tasks and protects the president, the Parliament, the government, and buildings in which they are situated.

If someone endangers the building in which the president or government members are, a UNS Protection Division member is entitled and obliged to act according to the powers he has in line with the Law on the Ministry of Internal Affairs. These powers are clearly defined by law. They include only the protection of the president, the Parliament, the government, and certain buildings, and he has these powers only in this connection.

Poland: Officers To Go to Germany To Liaise With NATO

WS2702120796 Warsaw RZECZPOSPOLITA
in Polish 27 Feb 96 p 2

[Article by Z.L.: "Polish Liaison to NATO"]

[FBIS Translated Text] *Since yesterday, a group of 10 Polish officers has been getting ready to fulfill the role of liaison between the Polish Armed Forces and the command headquarters of the Joint NATO Air Forces in Central Europe (AIRCENT). They are being trained in Ramstein, Germany.*

Within a couple of days, our servicemen, who have been carefully selected from the air forces as well as from command headquarters and staffs of military districts and military branches, are to become familiar with the mechanisms behind the functioning of NATO military structures, as well as with practical methods of transferring information at various levels of NATO's military organization. In a few days, in early March, another group of over 10 Polish servicemen will go for the same purpose to Karup, Denmark, where the headquarters of the Allied Forces of the Baltic Straits Area (BALTAP) is located. Representation of the Polish Navy will be the most numerous in the group of 13 officers. In the coming months, more groups of candidates for Polish liaison with NATO will most probably go for training to the Netherlands and to the Federal Republic of Germany. NATO does not have a standing representation office in Poland at the moment. The Americans are maintaining a several-person liaison mission, and the French have one representative.

Poland: Prime Minister Interviewed on Policies

WS2702115096 Warsaw RZECZPOSPOLITA
in Polish 23 Feb 96 p 3

[Interview with Polish Prime Minister Włodzimierz Cimoszewicz by Piotr Aleksandrowicz, Dariusz Fikus, and Krzysztof Gottesman on 19 February; place not given: "Political Agreement Within the Coalition Is Needed"]

[FBIS Translated Text] [RZECZPOSPOLITA] What do you think of the reaction of the coalition and opposition politicians to your Sejm policy address? Are you satisfied with the reaction? Were they what you expected?

[Cimoszewicz] I was hardly surprised by the Sejm debate that followed my address. If there was anything surprising at all, perhaps it was the form of the speech delivered on behalf of the Polish Peasant Party (PSL) parliamentary club. Yet it did not exceed my tolerance levels. I am aware—and no one has ever concealed the

fact—that there are differences of opinion among the coalitions on major issues. Perhaps this is the reason for the tone of the speech delivered by [PSL Chairman] Waldemar Pawlak.

The opposition did not surprise me. Frankly speaking, I found what I expected in the tone of the presentation by the Union of Labor [UP] and in certain topics Professor Geremek took up in the speech delivered on behalf of the Freedom Union. Those things need not necessarily have been included in those speeches.

I was not surprised by the criticism, which confirmed certain differences of opinion. One can hardly expect the opposition to praise a government that is not its own.

Certain formal—unsubstantiated—arguments were raised that are not worth debating. Some claimed my Sejm address was too general, others said it was too detailed. I was satisfied with the trust that UP endowed me with personally and the concluding passage of Bronisław Geremek's speech, in which he responded directly to my proposal of seeking areas in which we could enter a dialogue.

[RZECZPOSPOLITA] In your address you pledged that, despite the change of government, Poland's foreign policy would remain the same, and EU and NATO membership would continue to be our strategic targets.

Recent statements issued by the president, the foreign minister, and you indicate a new trend: the ambition to persuade Russia to support the idea of Poland's joining NATO.

[Foreign Minister] Rosati's predecessors advocated the principle that this issue can be settled only between Warsaw and Brussels.

You are currently bringing Russia into this discussion as a third party. By doing so, are you not acknowledging Russia's right to veto the idea, whether knowingly or not?

[Cimoszewicz] The statement that Russia is being brought in as a third party into the discussion on our joining NATO is not true. Maintaining political relations with neighboring states as closely as the principles of our foreign policy allow and presenting our intentions is a different thing.

Talking and presenting opinions does not imply acknowledging someone's right to decide about our foreign policy, particularly the right to veto our future membership in NATO.

I am deeply convinced that the NATO states do not want the enlargement of the alliance to take place in an atmosphere of political tension between Poland and

Russia. From this point of view, our stance coincides with the opinions of many Western states.

[RZECZPOSPOLITA] Let us return for a while to the formation of the Cabinet. How far is its composition a consequence of the coalition agreement, and to what extent is it what you wanted it to be?

[Cimoszewicz] Largely, it is the result of the coalition agreement. Whenever a government is formed by parties with huge political support, the suggestions of all have to be treated seriously.

Over the past two years, the PSL-Democratic Left Alliance [PSL-SLD] coalition has been accused of staffing various state offices with its own representatives, as if this was something unusual or new in our recent political history. I do not recall many representatives of the opposition in governments appointed by the Sejm of the previous term. Neither do I remember many names from beyond the circles of the coalitions of the time.

In this sense, we are not dealing with any qualitative change.

In the course of negotiating the names of the new ministers, I tried, as far as the tolerance levels of the two coalition parties allowed, to exert an influence on some of the ministerial appointments, and largely succeeded.

The composition of the Cabinet is thus a result of principles and assumptions I insisted on and the coalition's proposals.

[RZECZPOSPOLITA] To what extent is the coalition agreement binding on you?

[Cimoszewicz] This is a political agreement, not an agreement that carries legal responsibility with it. As I said at a meeting with the PSL parliamentary club, I am one of those who believe that agreements are entered into in order to be kept. Because I personally approved the agreement by signing it with my own name, I consider it binding.

Naturally, a government coalition is a political entity and is based on a political agreement. Mutual trust is necessary if such a coalition is to last and function. Obviously, such an agreement must not violate existing law.

[RZECZPOSPOLITA] How do you envision future cooperation between the leaders of the coalition and your government? Which decisions of the coalition will be delegated to the Council of Ministers?

[Cimoszewicz] Each party is entitled to its own proposals and views on projects suggested by the ministers. More important issues will be discussed by the political leaders of the coalition in order to establish the chances

of canvassing parliamentary support. The government does not exist of its own; it can be effective only if it is capable of having its draft laws passed in the Sejm. This requires political agreement within the coalition.

[RZECZPOSPOLITA] You recently met with Bronislaw Geremek and Zbigniew Bujak. Do you have any plans for cooperation between your Cabinet and the parliamentary or extraparlimentary opposition?

[Cimoszewicz] I do have certain projects, but before I announce them in public, I should consult representatives of the opposition, particularly the parliamentary opposition. I do not rule out the possibility of meeting and holding serious talks with the extraparlimentary opposition. I am interested in holding serious, substantive talks, and not purely political meetings for propaganda value only. These talks should be devoted to the most important state and social issues. I am thinking, for example, of discussing the possibility of setting in motion certain mechanisms for controlling the secret services once the Ministry of Internal Affairs is reformed and the Office of State Protection is subordinated directly to the prime minister. These mechanisms should also allow the opposition to look into the operations of the secret services.

[RZECZPOSPOLITA] The extraparlimentary opposition, too?

[Cimoszewicz] Rather the parliamentary opposition because parliament seats are a yardstick of public support.

[RZECZPOSPOLITA] Are you not afraid of cooperating with the PSL both within the coalition and the government? Voter preference polls indicate that support for the SLD is growing, whereas the PSL is ranked very low. Are you not afraid that the PSL or perhaps rather Chairman Waldemar Pawlak might contest certain decisions made by the government before the parliamentary elections in order to win public support—for example, decisions pertaining to privatization? As the parliamentary elections approach, the PSL could turn into an opposition group within the government.

[Cimoszewicz] No scenario can be ruled out, yet such tactics on the part of the PSL would be irrational. The chances of winning by the parties that constitute the political backdrop of this government grow in proportion to the success of government policies and the extent to which they are felt and appreciated by the majority of citizens.

Rational behavior, compliant with state, national, and civic interests as well as with the interests of political groups, allows maximizing the benefits of the government's socioeconomic policies. Not the other way around.

[RZECZPOSPOLITA] Currently the SLD is the major beneficiary.

[Cimoszewicz] But the SLD is not gaining support at the expense of the PSL. The polls you quote give just one indicator of support. They do not go deep enough for us to examine, for example, where the additional support for the SLD is coming from, whether support is growing at the expense of the PSL or other parties. Only if someone established that new SLD supporters formerly supported the PSL, the PSL politicians might conclude that the current political configuration is not desirable for them. These theories, however, do not seem plausible to me.

[RZECZPOSPOLITA] The Oleksy case is under way. Concurrently, the former prime minister heads the Social Democracy of the Polish Republic and has huge influence on the coalition and the government. Your stance on the Oleksy case is well known, you spoke about this also in an interview you gave for RZECZPOSPOLITA. How do you intend to cope with the situation?

[Cimoszewicz] I understand that my stance and the stance of the government on the issue of how the charges leveled against Jozef Oleksy are being dealt with is clear, and nothing will change it. The government was not changed because its policies were questioned. From this point of view, I do not see any problem. The charges against Jozef Oleksy will be investigated objectively and legally, and parliament will be updated on the proceedings.

[RZECZPOSPOLITA] How do you intend to solve the issue of the Concordat? Something will have to be done about it in the immediate future.

[Cimoszewicz] I would prefer to answer that question in a couple of days. Talks are planned that might move the issue forward.

[RZECZPOSPOLITA] Why did you not mention Package 2000 [Deputy Prime Minister Kolodko's economic program] in your Sejm address?

[Cimoszewicz] At the time I gave the address, the project known under the name "Package 2000" was not yet an official government document. It had been discussed by the Economic Committee of the Council of Ministers, and its basic provisions were approved, but it was stated that the so-called Package 2000 must be amended. The government will be able to make a decision about Package 2000 only after additional analyses and projections are supplied.

[RZECZPOSPOLITA] What do you consider more important: a rapid decrease of the inflation rate as a pre-

condition for long-term economic growth or maintaining economic growth in the short term, even at the cost of higher inflation?

[Cimoszewicz] The two need not necessarily exclude each other. Lowering the inflation rate below a certain threshold, for example, is a precondition for the development of the housing industry. I have no doubt we have to do everything possible to maintain the highest possible economic growth because that will decide whether there will be sufficient means for solving various social problems.

[RZECZPOSPOLITA] Your Sejm address also failed to include any details on taxes. Can you declare that the income tax will be lowered, both for individuals and for companies?

[Cimoszewicz] I clearly said that stringent tax policies must be eased. Taxes should be lowered, if possible. Currently, neither I nor anyone else can make such a statement. Decisions will be made by parliament. We are not yet advanced enough in developing the budget law for next year for me to comment on what its final shape will be.

[RZECZPOSPOLITA] Let me therefore ask you about, let us say, your ideological view of this issue. The majority of your supporters will be against lowering the tax thresholds to 20, 30, and 40 percent. They will ask why the highest threshold should be lowered by as much as five percentage points and the lowest by only one point. Do you agree with such reasoning?

[Cimoszewicz] Not ideological assumptions but setting the balance is what is important—estimating the outcome of lowering the particular thresholds by a given value from the point of view of the state budget and certain stimuli for the economy. If it turns out this is viable and prudent, we can lower the highest threshold more than the lower ones. We must remember that lowering the thresholds for the lowest income groups would be felt more than by the highest income groups.

[RZECZPOSPOLITA] We are meeting one day after the enfranchisement referendum. We already know that the results of the referendum will not be binding, but the majority of those who did take part clearly support various forms of privatization and compensation, with the exception of expanding the National Investment Funds [NFI's]. Could you comment on the referendum results?

[Cimoszewicz] This was the most serious and most expensive opinion poll on privatization to be carried out in Poland. No one should dismiss the results lightly.

[RZECZPOSPOLITA] Do you think that state involvement in the economy is just right, too huge, or too small? State involvement falls into two categories: the first is proprietorship, the second are regulations, everything that pertains to law, including laws of recognition [prawa uznaniowe], quotas, licenses, abatements, and so on.

[Cimoszewicz] We have embarked on a journey, and the road sign is clear: a smaller public sector, less state interference.

As for ownership structures, apart from one evident example of putting off decisions pertaining to privatization (the NFI project), the remaining results of privatization measured both by the number of privatized companies and by revenues to the state budget are positive and better than ever before.

As for the introduction of various regulatory instruments, I think using them is necessary to some extent, yet more attention should be paid to the obvious connection between using such instruments and the risk of corruption. From this point of view, I think every attempt at using such tools should be examined very closely.

There are certain fields, including the economy, where licensing is either in the public interest or in the interest of safety. The unrestrained trade in explosives, for example, raises many doubts, or the liberty with which legal services may be rendered on the basis of the 1988 law on economic activity. As a result, unlike elsewhere in the world, it is possible to give legal advice without observing regulations on the legal profession or its counselors. Regulatory instruments can to some extent serve as a reasonable means of protecting domestic producers against unfair competition.

Finally, I believe there are certain types of regulations that are not justified by any of the arguments I gave above. In Waldemar Pawlak's cabinet, where I was justice minister and did not have much to do with the economy, I firmly protested an instruction by the Council of Ministers that was devised to protect the interests of a very small group of producers, or rather one domestic producer of goods not very significant for the national economy.

[RZECZPOSPOLITA] Perhaps the road sign points in one direction as far as deregulation [deregulacja] is concerned, yet it seems we have been moving in the opposite direction in recent years. Do you not think an attempt at least could be made to investigate what is going on?

[Cimoszewicz] Yes, I agree completely that the issue can and should be investigated. I am personally interested in having this done because I cannot imagine being

unable to formulate my own opinions on practices that are often the object of public charges.

[RZECZPOSPOLITA] What do you think of fusions between state and private capital?

[Cimoszewicz] I think that in an economy where a private and a public sector exist side by side, joint activities are often undertaken, joint solutions are developed. This in itself is not wrong. It might be wrong in certain cases, especially when private investors contribute relatively little to an enterprise, reaping an unproportionally high profit. I mean situations when public money is used primarily for generating private profit.

[RZECZPOSPOLITA] In your Sejm address, you said that the National Bank of Poland [NBP] must be independent. There are currently two draft laws on the NBP and the banking law, one prepared by the NBP—providing, roughly speaking, that the status quo be retained—the second parliamentary—providing for curbing the power and sovereignty of the NBP. Which suggestion do you find more appealing?

[Cimoszewicz] The stance of the government on this major issue is clear: The government supports the independence of the NBP. We claim, however, that independence does not mean the management of the central bank by one person.

[RZECZPOSPOLITA] Both drafts provide for collective management bodies, therefore, I will repeat the question. Knowing that one draft was prepared within the NBP, which is striving to retain its independence, and the other was developed by parliament, could you tell us which draft you find more appealing?

[Cimoszewicz] The most reasonable thing to do would be to find a wise compromise between the two. I appreciate the motives behind the NBP proposal. On the other hand, I do not see anything wrong with the parliament's attempts to preserve influence over the collective body that is to oversee the central bank.

[RZECZPOSPOLITA] One last question—about the reform of the central government. Is the reform to be carried out in the way that has been suggested? If so, when? If not, will it be carried out at all?

[Cimoszewicz] The package of laws on the reform of the central government can be divided into two parts. The first includes the administrative center, and here I have no doubt whatsoever that we should continue the reform.

The second part involves the reform of the economic center. I have entered an obligation with both coalition parties that I will analyze the whole concept and present my conclusions by the end of March.

[RZECZPOSPOLITA] Will this be your personal opinion or the opinion of the government?

[Cimoszewicz] This will be my personal opinion. If it coincides with the opinions formulated to date, it will mean that the government will not introduce any amendments. If I conclude that certain corrections have to be made, I will present my arguments to my colleagues from the coalition and to the government. In any case, I would first like to hear the arguments of those who are critical of the concept.

[RZECZPOSPOLITA] What does your instinct tell you? Will the reform be implemented before the parliamentary elections or not?

[Cimoszewicz] That depends on the nature of current and future criticism of the reform. If it is political and immaterial, indicating a lack of readiness to support the concept before the parliamentary elections, we could suggest that the Sejm pass the whole package of laws relatively swiftly, settling the issue of when they are to become effective in the final regulations.

If, however, it turned out that the reservations are substantive and reasonable, the answer to your question would have to be an open one.

Poland: Defense Minister on Changes, Policies

WS2702115896 Warsaw TRYBUNA in Polish
24-25 Feb 96 pp 1, 7

[Interview with Polish National Defense Minister Stanislaw Dobrzanski by Aleksander Frydrychowicz; place and date not given: "There Are No Quarrels, but There Is Dissatisfaction"]

[FBIS Translated Text] [Frydrychowicz] For nearly two months now you have been in charge of the ministry in which changes in the office of the minister were more frequent than in any other governmental posts. Can you say after this short time that this is how you imagined working in the Ministry of National Defense [MON]?

[Dobrzanski] I do not feel taken aback. For two years I was a secretary on the Defense Affairs Committee of the Council of Ministers, so I was very familiar with the problems I am dealing with today. I may have imagined that restructuring problems would turn out to be easier. Today I can see that there will be quite a lot of problems. As a result, I will have to work very hard.

[Frydrychowicz] You are the first MON head to hold office under the new Law on the National Defense Minister. Does this fact help you do your work, or is it an impediment?

[Dobrzanski] The new law entered into force only a few days ago, so it is difficult to assess its influence on the

tasks I am carrying out. However, I knew a few weeks earlier that it would come into force because the moment Aleksander Kwasniewski signed the law, there was nothing that could threaten it. Thus, at that time I tried to start preparations for implementing this law. These preparations are very intensive. To be able to say that the new law is already functioning, several ordinances will be necessary: Some of them should be issued by the Council of Ministers, others by the national defense minister. These ordinances involve changes in the office of the minister, as well as in the General Staff.

I have set up a special committee chaired by Andrzej Karkoszka, secretary of state in MON. The committee is already working. I think the committee has already done 40 percent of its work. I believe that by the end of March it will complete the work and submit appropriate documents for approval in the ministry's leadership. The documents that will require approval of the Council of Ministers will be discussed with other ministries.

I believe that the powers of the minister were very extensive before the new law came into force. They were bigger than they will be after the new law is implemented. So far, there has been no obstacle for the minister to introduce civilian control over the Armed Forces; he could carry out his tasks in a broader scope and better than before.

This law imposes stricter discipline on the minister and introduces clarity in the scope of powers of the minister and the Council of Ministers.

[Frydrychowicz] Before this law entered into force, you began reorganizing the ministry. This did not make you very popular in the Armed Forces. Do you not fear a conflict with the military?

[Dobrzanski] The term you used was too strong. As I see it, only part of the officer cadres refused to approve of the changes in the ministry's structure that I made. Part of the highest ranking cadres oppose the decisions I made. Disputes are certainly going on, but there are no quarrels, no resentments that would paralyze my decisions or impede the functioning of the office.

In certain circles—very small ones—there is dissatisfaction that things are going so fast, that there is so much determination. Some people expected that specifically these solutions would not be implemented or that they would not be so painful to some people. Here in the ministry and in the General Staff, everyone supports reorganization—as long as it does not concern them. It is enough to personally experience the consequences of the reorganization processes, which are often painful, to become an opponent of these reforms.

[Frydrychowicz] You will not be afraid to have dinners at Drawsko?

[Dobrzanski] I do not think the events that took place at Drawsko could ever be repeated. I think that dinner made many civilian and military people realize that this is not the right way, that it is necessary to seek other, better solutions. At any rate, it taught them not to get involved in disputes that are not good for the reputation of Poland and our Armed Forces.

[Frydrychowicz] What are you going to do next while reforming the ministry?

[Dobrzanski] The most important issues are legal ones, which we want to resolve as soon as possible. I am primarily referring to Constitutional provisions that will be based on our most recent experiences in the work on organizing the national defense system. Work on such provisions is under way not only in the Presidential Chancellery and my office, but also in the Office of the Council of Ministers.

The next important issue is to see to it that a couple of laws that are very important to the military are passed. Work on those laws will most certainly be completed this year. Some of them will probably be submitted in the parliament in the first half of 1996. The most important of these laws is the law on military duty and defense obligations, which servicemen refer to as the "military constitution." This [draft] law is now being discussed in ministries. We can expect that it will soon be discussed by the Defense Issues Committee of the Council of Ministers [KSO RM] and then by the government.

The KSO RM has already approved [draft] laws on the state of emergency and on martial law. Now they are waiting to be examined by the Council of Ministers. These laws must be passed quickly because their predecessors were passed a long time ago, and now they are rather anachronistic.

I could list many more legal acts that are waiting to be finally prepared. Nonetheless, the ones I have mentioned are among the Armed Forces's priorities.

Unless some unexpected obstacles appear, this year all of the most important legal issues related to our defense system and Armed Forces should be resolved at the level of the government. It is difficult to say how long the parliament will be examining them. I am hoping that it will pass at least some of them as early as this year.

[Frydrychowicz] The [draft] law on military duty and defense obligations has been announced by all of your predecessors since 1989. Are there any threats that are

causing the work on this [draft] law to last such a long time?

[Dobrzanski] There are no threats. This is a law that is of fundamental importance for the Armed Forces. It concerns all of the spheres of our social and economic life. As a result of the fact that it is related to so many issues, it requires very detailed consultations. No one opposes the introduction of this law. On the contrary, everyone knows that it must enter into force.

We have reformed the entire state system. In this new system, each provision of the Law on Defense must be examined and collated with other provisions that have been included in economic, social, and other regulations. This lengthy process of consultations is to insure compatibility of all regulations.

[Frydrychowicz] At a hearing in front of the Sejm National Defense Commission, you said that reorganization of the ministry requires a reduction in the number of employees at the civilian-military branch of MON and in the General Staff. Do you not fear that unemployment will considerably increase in Warsaw as a result of this?

[Dobrzanski] Indeed, this is a very big ministry, and any cadre reform in this ministry may increase unemployment. This goes not only for the center, because from the point of view of unemployment this is a minor problem. Warsaw is one of the regions where the unemployment rate is the smallest. I am more concerned about garrisons that are being liquidated in small towns. This really creates unemployment, which is very painful for those regions.

I believe that the situation will not look all that bad in the capital city. I spoke about a 25-percent reduction in the number of employees in MON and in the General Staff as a certain index that Minister Karkoszka and his team ought to take into consideration when working on the reform. I would like to stress that we have already saved 10 percent—there are so many vacant posts. As a result, over the year we would have to carry out a 15-percent employment reduction. It is possible that, as a result of the changes and calculations we will make, we will be forced to dismiss 22 or 20 percent of employees, not 25 percent. I do not think this will be very painful if we take into account the 10 percent I have already mentioned.

[Frydrychowicz] However, while making employee reductions, you increased the number of deputy ministers.

[Dobrzanski] Yes, I did increase the number of deputy ministers, but this does not at all entail increasing employment in the new branch. On the contrary, as a result of merging certain cells of MON and the General

Staff, it will be possible to limit the number of people working in the economic branch.

[Frydrychowicz] In your statement in the Sejm, you admitted that, in the Polish Armed Forces, there are too many officers—especially higher-ranking ones—and too few warrant officers and noncommissioned officers. Do you know how you are going to resolve this problem?

[Dobrzanski] Yes, I do. However, this is a very difficult problem. I do not predict that it will be possible to quickly change the ratio between the number of noncommissioned officers and warrant officers, on the one hand, and the number of officers on the other, and to reach the desirable ratio. At the moment, we cannot afford to dismiss a certain number of colonels, majors, or captains. This is a long process that will have to be implemented for years. This does not only involve dismissal of officers who are carrying out their duties today. We do not have enough well-prepared sergeants and warrant officers. First, we must educate a sufficient number of noncommissioned officers. As this process is being implemented, we will gradually reduce the number of officers, especially those higher up.

Modernization of the military education system is quite advanced now, and we are further implementing this process. I believe it is necessary to "socialize" decisions regarding this process. It is for this reason that the Military Education Council has been reestablished; it will offer the chance for presidents of military schools to create new decisions regarding military schooling. This council has functioned before, but it "died" a natural death when the number of officers schools was being reduced.

[Frydrychowicz] There is another important issue for the Armed Forces—equipment. When you were appointed minister in the previous government, you said that our Armed Forces would purchase primarily Polish equipment to give Polish industry a chance. How are you going to put this into effect, especially if you look at the recent crashes of Polish Iryda planes?

[Dobrzanski] I confirm the principle that Polish-made equipment should be treated preferentially by our Armed Forces. However, I would like to make one reservation: This equipment has to be of high quality. It must not be worse than the best equipment used in the world. Its price must be acceptable; also, it must have appropriate specifications and combat efficiency. However, the fundamental requirement is security. In this regard, we will be guided by the general principle that, if the technical and combat qualities of two products are the same, we will choose the Polish product. This is how things are done all over the world.

We must do this to enhance the potential of our economy. Good organization of the defense system depends on the financial resources this system and the army receive. Money can be given to them only if the economy is in good condition, if the economy provides enough tax revenue for the budget, and if people are rich. The people will also benefit if the economy develops well; they will also make their tax contributions to this budget. Then we will be able to earmark more money for the Armed Forces. For this reason, it is the national defense minister's duty to see to it that the Polish economy develops.

Even if foreign-made equipment is purchased, part of this equipment must be manufactured in Poland. Polish workers must have jobs, and Polish scientists must have a chance to perfect this equipment.

This is the fundamental principle from which we will try not to depart. There will be few exceptions—sometimes you buy a product in small numbers and then it is no use getting your own industry involved in perfecting the product.

[Frydrychowicz] What about the Iryda plane? The air force commander has suspended flights on these planes until the decision is revoked.

[Dobrzanski] Yes, he has suspended the flights on my authority. After the accident, it would be dangerous and irresponsible to fly that plane. Even before that crash, we knew that planes manufactured earlier must be modernized. The KSO RM issued such an order. Decisions regarding this issue were made, and military teams worked on the scope of the modernization work and its cost. Everything was prepared and a contract was to be signed. As a result of the accident, however, it was necessary to take a closer look at possible hidden defects in this plane. These additional defects were found when a special commission was investigating the causes of the catastrophe. Our military teams will supplement the list of our wishes with the things that resulted in the sad experience of the plane crash [as published].

[Frydrychowicz] What will happen to the planes that were to be purchased this year?

[Dobrzanski] We keep asking ourselves difficult questions: Should we buy them? Can Iryda be a plane for the future? In general, the rest of the world tends to be giving up training and combat planes. Only combat planes are manufactured, and some of them are changed so that they can be used as training and combat planes. I believe that this is the right path. Now we are facing the problem of selecting a multifunction plane for the Polish Armed Forces. If we make our decision—military commissions will complete their work by the end of

the month—we will submit appropriate proposals to the government and parliament. Then we may propose the Mielec plant to stop manufacturing the Iryda planes and start cocreating or comanufacturing the plane selected by us. If we decide that our Armed Forces should be equipped with a foreign-made plane, a condition for this must be the participation of a Polish plant in the manufacturing of this plane. Then the Mielec plant would be tasked with manufacturing certain parts of those planes or with assembling them.

[Frydrychowicz] Does that mean that the entire research program related to Iryda would be halted?

[Dobrzanski] Yes, it does. However, we might embark on another research program aimed at modernizing and perfecting a new plane.

[Frydrychowicz] Aside from the Iryda planes, there is also the problem of helicopters. We have decided to accept old Mi24-D helicopters offered by the Germans; we will overhaul them in Poland. Will they not threaten the interests of the Polish factory in Swidnik?

[Dobrzanski] These are combat helicopters, used for entirely different purposes. They are not competitors of the Polish-made Sokol helicopters. Also, they do not pose a threat to the Huzar project, aimed at developing a helicopter that is to be made on the basis of the Sokol.

[Frydrychowicz] Do MiG-29 planes not pose a threat to Polish industry, either?

[Dobrzanski] No, they do not. We did not have many of them, but we definitely needed them. We purchased them on favorable terms. Even if we embark on our own program to build a multifunction plane, this will take a few years. During that time, the MiG-29 will be extremely helpful, all the more so because our Armed Forces will stop using MiG-21 planes as well as some models of the SU plane.

[Frydrychowicz] In recent days, public opinion was outraged by the affair involving the report on our Armed Forces, drawn up for the U.S. Congress.

[Dobrzanski] I guess that, if someone had asked a Polish expert to present his opinion on our Armed Forces in 13 lines, it is quite possible that he would not have done it differently from the way the American experts did it in this particular case. If it had been I who had written that material, I would have placed greater trust in the officer cadres, yet I would have left most of the theses included in the report.

[Frydrychowicz] Why is it so important for us how the United States views us?

[Dobrzanski] This is not a stand taken by the U.S. Government, but only a report used in the work of the

Congress. It is to help the parliament members of the United States in their work. It may be one of many materials that "someone," probably a person who is not very favorably disposed toward Poland, received "somewhere"; then he took out certain parts that he wanted to take out, changed the meaning of other parts, and, as a result, a very critical evaluation was presented.

A few days ago, I talked with the chairman of the Western European Union. Surprised, he asked me about the report that was said to be critical of the Polish Armed Forces, a report he was not familiar with but was being asked about. During our conversation he kept assuring me about the high evaluation of our Armed Forces.

[Frydrychowicz] Since we are talking about Army-related matters that outrage public opinion, let me ask you how you imagine resolving the problem of the field bishop, General Glodz?

[Dobrzanski] I was not interested in the details of this issue because this is not my most important task. I decided that issues related to publications in the NIE weekly—and the ongoing lawsuit resulting from these publications—should be dealt with by General Kazimierz Nalaskowski, director of the Legal Department. If need be, I will certainly take a look at the details of this case. As for declarations as to what I will do about similar issues in the future, let me tell you that I will stick to one fundamental principle: logic, common sense, and everything in line with the law, in this area as well.

[Frydrychowicz] Thank you for the interview.

Poland: Official 1996 Privatization Directions

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[FBIS Translated Text] The process of ownership transformations continuing since 1990 has led to major changes in the ownership structure of the economy. The positive trends occurring in the Polish economy for the last few years would not have been possible were it not for the restructuring of the modes of ownership. Ownership transformations continue to be a major factor in economic growth.

In the domain of privatization in 1996, the government's measures will consist of:

—Bolstering economic revival.

—Raising international competitiveness of the Polish economy.

- Achieving planned budget receipts.
- Working out concepts for disposing of state assets and commencing work on launching new privatization programs.
- Accelerating the growth of the capital market.
- Promoting commitment by foreign capital.

Extent of Public Assets

The Ministry of Privatization has (jointly with the GUS, or the Main Office of Statistics) taken measures intended to create a detailed inventory of state assets. Attention has focused on state enterprises and companies (one-person and with partial participation of the State Treasury) in the manufacturing, trade, and services sectors, along with the financial and insurance sectors.

As of 31 December 1994, the assets of state enterprises, one-person companies of the State Treasury, financial institutions, and companies with partial participation of the State Treasury comprised:

State Enterprises

Number of enterprises: 3,610
Capital: Z34.9 billion
Net income in 1994: Z0.9 billion zlotys
Enterprises in the black: 1,925
Capital: Z21.3 billion
Net income in 1994: Z2.4 billion

One-Person Treasury Companies

Number of companies: 386
Capital: Z20.5 billion
Net income: Z2.7 billion
Enterprises in the black in 1994: 279
Capital: Z18.9 billion
Net income in 1994: Z3.4 billion

Financial Institutions

Number of companies: 14
Capital: Z9.6 billion
Net profits in 1994: Z1.1 billion

Others

—Market value of shares owned by State Treasury in companies quoted on the Warsaw Stock Exchange: Z1.8 billion

- In companies with partial participation of State Treasury: Z1.3 billion
- 25 percent of the value of companies under the mass privatization program: Z1.5 billion

Book Value of Treasury-Owned Assets (In Industry, Trade, Services, and the Financial Sector)

	In Billions of Zlotys
State enterprises:	
—Capital	34.9
—2/3 of profits	1.6
One-person Treasury companies (exclusive of companies under the mass privatization program):	
—Capital	21.3
—2/3 of profits	2.3
Financial institutions (11 banks, 3 insurance firms):	
—Capital	9.6
—2/3 of profits	0.7
Market value of shares held by State Treasury in companies quoted on the Warsaw Stock Exchange	1.8
Companies with partial participation by the State Treasury	1.3
25 percent of the value of companies under the mass privatization program	1.5

In 1996 the government will work on developing concepts for disposing of state assets and measures serving to define the guidelines for utilizing these assets for the following purposes:

- Meeting the claims ensuing from the rulings of the Constitutional Tribunal that have been acknowledged by Sejm as warranted.
- Contributing more capital to social insurance programs.
- Broadening the mass privatization program.
- Satisfying claims for restitution of nationalized property.
- Repaying domestic and foreign debt.
- Continuing direct privatization.

—Increasing budgetary receipts.

Institutional Regulations—Legislative Measures

In 1996 the government shall develop and present:

—A law on compensations ensuing from the rulings of the Constitutional Tribunal.

—A law on investment funds.

—A law on social insurance (pension funds).

—Laws relating to a reform of the central economic agencies (the establishment of the State Treasury as an institution).

In addition, work on revising commercial law will be pursued.

Privatization Programs Under Way

Capital Privatization

This type of privatization will be continued in the following subsectors: tobacco, chemicals, pharmaceuticals, food products and beverages, machinery and equipment, building materials, and trade.

In 1996 the consolidation (bank holding companies) and privatization (of the individual type) of the banking sector will be implemented. The principal criteria for selecting the investor in capital privatization will be:

—Share price and terms of payment.

—Investment package, that is, a program for a company's growth in material and financial terms.

—Export-oriented nature of investment (needed to cope with the challenges ensuing from the liberalization of trade with European Union countries).

—Social issues, that is, the obligations of investors toward employees (negotiated by work force representatives).

—Ecological issues, that is, the investor's obligations concerning environmental protection.

—Investors' obligations to farm producers/suppliers of raw materials for processing.

The government intends to refine the techniques of capital privatization such as public offerings, invitations to negotiation, or a combination of these two methods, and soon it will introduce a method previously not employed in individual privatization, i.e., bidding. The clarity of the procedures for appraisals, sales, and distribution of securities will be thoroughly monitored and supervised. Appraisals of privatized enterprises will be based upon market techniques. A proactive antimonopoly policy is intended to prevent capital control by any one investor.

Capital privatization through public offerings affords favorable conditions for domestic investors by offering them preferential treatment such as sales on the installment plan, a system of loan guarantees, etc. In view of the constraints on the Polish capital market and the need to assure possibilities for utilizing new technologies and winning new sales markets, the government will institute measures to enhance Poland's attractiveness to foreign investors.

It is expected that capital privatization will be extended to some 90 enterprises in 1996. Such a significant increase in capital privatization will be possible owing to the introduction of procedures for making company shares available through bidding.

Direct Privatization

In 1996 privatization by the direct method will extend to some 150-200 enterprises. In this case, sales of enterprises will account for more than 40 percent of their total number, contributions of assets of an enterprise to the company formed on its basis will account for 15 percent, and the provision of enterprise assets for utilization in return for a fee, less than 45 percent.

Enterprises will be sold principally to both domestic and foreign investors, with the proviso that domestic investors can pay for an enterprise in installments, but can take over ownership of the enterprise immediately after the contract is signed.

As for the utilization of the assets of state enterprises in return for a fee, that will apply only to state enterprises that perform well financially, so as to assure the reception of installment payments and surcharges by the State Treasury, and also to enterprises not requiring considerable outlays for modernization and development. The transfer of rights of ownership of assets to a partnership of physical individuals will be feasible prior to the expiration of the time limit of the contract, if the partnership makes a down payment of at least one-third of the value of the subject of the contract and settles on schedule its obligations under the contract to the State Treasury.

As for contributing an enterprise as an in-kind contribution to a company, this being another procedure for direct privatization, this will apply to debt-laden plants or those requiring the investment of substantial capital. With regard to debt-laden enterprises, their ownership transformation is to consist in the exchange of claims for stocks or shares pursuant to the Law of 3 February 1993 on the Financial Restructuring of Enterprises and Banks and on Amending Certain Laws.

Privatization processes implemented pursuant to Article 19 of the Law of 25 September 1981 on State Enterprises will be continued.

National Investment Funds

National Investment Funds (NFI), established under the Mass Privatization Program, will begin to operate fully in 1996. By 29 November 1996 the distribution of Universal Share Certificates is scheduled to be completed (pursuant to the Resolution of 10 October of the Ministerial Council, NFI share certificates can begin to be acquired as early as on 22 November of 1995—Note from the editors).

Since the share certificates will begin to be distributed in November 1995, this operation must be monitored so as to assure its lawful course. Educational measures, publicity drives, promotion, and marketing will be undertaken, and the number of share certificates issued will be monitored.

The operations of the NFI also require activating a monitoring system in order to assure achievement of the purposes for which these investment funds were established.

The government will try to contribute to the NFI packets of shares in successive one-person Treasury companies, because it views this as an effective way of speeding up privatization. At the same time, steps will be taken to introduce trading in NFI shares on the stock exchange.

SRP Program

Work will be continued on introducing the pilot Stabilization-Restructuring-Privatization (SRP) program, adopted as one of the ways of privatizing state assets in 1995. It is expected that in 1996 the selection of participating enterprises will be completed, and shares in or assets of these enterprises will be contributed to the investment companies.

If the pilot program proves workable, the government expects to expand it by organizing the activities of a larger number of investment companies with the participation of domestic banks, which have not, so far, been involved in implementing the program.

Exchange of Claims for Shares/Stocks in Companies

In 1995 the Law on the Financial Restructuring of Enterprises and Banks was an important privatizing instrument. The process of making available shares and stocks as a result of concluded bank composition agreements, comprising about 70 enterprises, was initiated. Most of the state enterprises converted to joint stock companies, with the object of exchanging claims for stocks, have been transformed into private joint stock companies in

which the State Treasury owns more than 50 percent of the capital.

In 1996 the exchange of claims for shares/stocks through bank composition agreement proceedings will be continued; it should be extended to about 50 enterprises. The exchange of claims for stocks pursuant to the provisions of Chapter 4 of the Law on the Financial Restructuring of Enterprises and Banks will be broadened. It is assumed that this form of privatization will be extended to about 20 additional enterprises and companies.

Privatization of Treasury-Owned Farm Property

In the year ahead, the restructuring and privatization of Treasury-owned farm property will be continued. This is intended to streamline farm management and improve the utilization of state assets in agriculture, as well as to exercise the state's right of supervision as a property owner more effectively, promote the introduction of market mechanisms, and promote and establish efficient farming enterprises, which also serves to counteract unemployment.

The measures taken will chiefly concern:

- Restructuring and privatization (utilization of Treasury-owned land resources in the form of sale, lease, administration, in-kind contribution to joint stock companies, expansion of family farms, and establishment of new farms).

- Resolution of indebtedness-related problems (bank composition agreements, compensation in the form of Treasury-owned farm property, agreements on installment payments).

- Creation of new jobs (job retention during farm restructuring, spending from the Occupational Activation Fund on active forms of combatting unemployment).

Programs Envisaged for Implementation

Reprivatization:

If the Law on the Restitution of Property That Was Unlawfully Nationalized Under the Provisions of Regulations Issued in the Years 1944-62 takes effect on 1 January 1996, it should begin to be implemented by:

- Issuing restitution bonds.

- Establishing a system for the distribution of and trading in these bonds under agreements between the Ministry of Privatization and the banks.

- Launching a drive to keep the public informed about the guidelines and procedures for granting restitution.

—Examining by administrative procedure the applications of former owners for restitution (the number of these applications is estimated at about 200,000 and the deadline for filing them is 18 months from the date the law takes effect).

—Issuing restitution bonds to persons to whom they are granted by virtue of a final administrative decision.

—Exchanging, on a bidding basis, in return for restitution bonds, part of the Treasury shares/stocks held in the so-called restitution reserve.

Compensation of Pensioners and Government Employees

This program will be executed to implement the government's obligations to citizens, as ensuing from the rulings of the Constitutional Tribunal and other laws.

In 1996 the government will:

—Present to Sejm a draft of the law on compensation for failure to index-link the salaries of government employees, as well as pensions and annuities, during the 1991-95 period, to the cost of living.

—Take measures to prepare a list of persons eligible for such compensation.

—Prepare guidelines for the distribution of and trading in compensation certificates (appellation not yet determined) and vouchers.

—Determine the extent of state assets to be earmarked for meeting the claims of persons eligible for the compensation.

Pension Funds

The social insurance system in Poland is in a crisis; to maintain that system threatens an economic and social destabilization. In view of the related worldwide trends, the desirable evolution of that system should be to expand its capitalization. Considering that the share of spending on pensions and annuities in this country has reached a level of about 16 percent of GDP (gross domestic product), which is higher than anywhere else in the world, adding to the system's capitalization without outside support is not feasible. The sole realistically accessible source of additional capital as a way of reforming the social insurance system is state-owned public assets.

The scope and forms of reforming the social insurance system by means of additional capitalization depend on two principal factors:

1. The outcome of the social consultations conducted by the government, which will ultimately define the

pace, directions, and forms of changes in the pension and annuity system.

2. The extent of the resources that can be—compared with other needs—allocated for this purpose.

Preliminary estimates indicate that bolstering the social insurance system with additional capital, on a scale warranting a major restructuring of that system, would require allocating for this purpose about 25 percent of the proceeds from privatization.

Adopting this concept of reforming the social insurance system would require the government to take the following measures in 1996:

—Drafting (by the Ministry of Privatization, the Ministry of Finance, the Ministry of Labor and Social Welfare, and the KPW [expansion unknown]) legal regulations governing the operations of pension funds (legal form, guidelines for safe investing, aspects of monitoring, rules of participation, etc.).

—Defining the resources to be allocated for bolstering the reform of social insurance.

—Establishment, on the basis of the legal regulations drafted, pension funds by the Ministry of Privatization, and/or definition of the ways and means of additionally capitalizing the funds established through a decentralized procedure.

Pension funds capitalized with proceeds from privatization would be regional funds based on the principle of individual participation, as well as group funds (e.g., plant funds).

Poland: Changes in Economy According to CUP

96EP0026B Warsaw PRZEGLAD RZADOWY
in Polish Nov 95 No 11, pp 93-95

[Information issued by the Central Planning Office (CUP), "which, to the greatest extent possible, objectively provides information about changes in the Polish economy"]

[FBIS Translated Text] The year 1995 has been the fourth successive year of the perpetuation of definite growth trends in the economy.

The principal positive socioeconomic occurrences were:

—An ever faster growth rate of the gross domestic product [GDP] (2.6 percent in 1992, 3.8 percent in 1993, 5.0 percent in 1994, and 6.5 percent in 1995). It is estimated that the per capita GDP, as reckoned in terms of the dollar exchange rate, will reach \$2,900 or, in reality, allowing for the purchasing power of the zloty, twice as much.

—The vigorous growth of industry and its favorable structural changes caused it to account for about 40 percent (in constant prices) of the generated GDP. The rise in industrial output in individual years markedly exceeded the growth rate of the GDP and amounted to 3.9 percent in 1992, 6.2 percent in 1993, and 11.9 percent in 1994. Between January and August 1995 industrial output increased by 11.5 percent (for the year as a whole 10.5 percent output is possible), with the fastest growth rate, 13.9 percent, being attained by the processing industry, of which the output of capital goods increased by 19 percent and that of producer goods by 15 percent. An accelerated growth rate of the output of capital goods and producer goods has been under way since 1994.

—The growth rate of the output of construction and installation enterprises, linked chiefly to the growing demand for investment and modernization operations, has been steadily rising. In the first eight months of this year that output increased by 13.8 percent.

—The situation in agriculture has been better than in the preceding year, thus assuring an adequate food supply for this country. It is estimated that the rise in overall farm output may reach 8 percent, with a rise of 3 percent in livestock output and 12 percent in crop output. Still, farm output will be about 4 percent lower than the average for the last five years.

—Then there is the unprecedented increase in the pace of foreign trade. Between January and July 1995 exports (reckoned in dollars) were 38.0 percent higher than in the preceding year, and imports were 38.9 percent higher. The fastest growth in trade was with the countries of Central and Eastern Europe and the former USSR (exports 56.2 percent higher, imports 65.5 percent higher), which points to a renewal of trade ties with that area. In 1995 registered exports may reach \$22 billion, or about 28 percent more than in 1994, while imports will increase to \$28 billion, i.e., by about 30 percent.

—The pace and changes in the structure of investment will accelerate, which is particularly important in view of the ongoing depletion of the noninvestment resources of the economy. In the first half of 1995, investment outlays in constant prices exceeded their 1994 level by nearly 20 percent, and by as much as more than 50 percent in the private sector. This is accompanied by shifts in the structure of these outlays in favor of investments in machinery and equipment, whose share in overall outlays increased from 52 percent in 1993 to 57 percent this year (compared with only 34 percent in 1990). This points to a trend toward restructuring the manufacturing potential, which is of fundamental importance to strengthening long-term growth processes.

—The influx of foreign capital has been definitely greater than in the preceding years. It is estimated that in the first eight months of 1995 foreign companies invested \$1.3 billion in Poland, or as much as they did in all of 1994 (just for the companies capitalized at more than \$1 million). Since 1990 foreign investment has totaled nearly \$6 billion. An equal amount is specified in officially confirmed pledges included in the contracts signed.

—Then there is the rising activity of the private sector, which by now accounts for nearly 61 percent of total national employment, compared with 46.6 percent in 1989, and generates about 56 percent of the gross national product, compared with only 25 percent in 1989. This sector practically dominates farming and retail trade (about 90 percent), construction (86 percent), imports (70 percent), and exports (55 percent). Its share in transportation is 43 percent, and its lowest share is in industry (38 percent).

—The financial situation of enterprises has improved, as reflected in the growing number of profitably operating companies, their higher yields, improved payments discipline, and better indicators of financial liquidity.

—For the second year in a row net real wages in the corporate sector have been increasing (in 1995 the increase will have been 4.5 percent compared with 4.2 percent in 1994) and the economic situation of state employees has stopped worsening—their salaries will increase for the year as a whole at a rate of about 6 percent more than the rate of inflation, meaning that in real-wage terms they will increase by 4.7 percent.

—Social support in real terms will continue to increase; the average employee retirement pensions and annuities will increase in real terms by 2.8 percent in 1995, compared with 2.9 percent in 1994.

—The changes on the job market have been favorable; the number of job vacancies is rising, and by the end of December 1995 the economy will employ 1 percent more people than it did in December 1994. Unemployment will drop to 2,570,000, and the unemployment rate will be 14.4 percent, compared with 16 percent in 1994.

—Savings are rising; at the end of August 1995 households saved in real terms 14 percent more funds (in zlotys and foreign exchange) and cash than they did in December 1994. Over the same period, the real increase in the money supply amounted to 7.1 percent.

—Consumer and corporate interest in bank loans increased: In August 1995, compared with December 1994, household debt increased by 18.8 percent and corporate debt by 5.9 percent.

The following, on the other hand, may be included among negative trends affecting the economy and consumer living standards, which, unless overcome, may threaten a decline in continued rapid growth:

—Continued high inflation. The increase in retail prices has been, to be sure, slowing down year after year, and between December 1994 and December 1995 it will be about 22 percent compared with 29.5 percent in 1994 and 37.6 percent in 1993, but this is yet another year during which inflation could not be reduced to the level envisaged in the Budget Act.

—The growing crisis in housing construction. The year 1995 will be yet another, the 17th, year in a row of decline in housing stock. The volume of housing released for occupancy will be about 20 percent lower than in 1993, and the volume of construction will be close to that recorded for the first half of the 1950's.

—The growing (and already excessive) economic disparities among society. In the first half of 1995, compared with the first half of 1994, the greatest increase in real consumption (by 5.3 percent) was recorded for self-employed families, while it decreased for worker households and for families subsisting on nonearned incomes.

—The huge burden of foreign debt, which at the end of July 1995 had, despite its reduction, amounted to \$45.1 billion. Over 1995, payments of interest and principal will total \$2.5 billion and will account for about 11 percent of the value of overall exports; these payments will rise with each year.

—The difficult situation of the state budget, ensuing chiefly from the extremely high, by now nearly 40 percent, share of fixed expenditures in overall budgetary spending. These expenditures are linked chiefly to servicing the public debt and subsidizing social insurance. At year's end the budget deficit may be consonant with initial assumptions, i.e., amounting to Z8.8 billion, or 3.2 percent of the GDP, but it is becoming considerably augmented by the rapidly growing debt of the state sector, especially of the health service and educational system.

Moreover, the following trends merit attention:

—The considerable extent of the so-called gray economy, which is reckoned to generate 20-25 percent of GDP.

—The shifts in the proportions of export and import rates. During the first seven months of 1995 the growth rate of imports (38.9 percent) exceeded that of exports (38.0 percent). This disparity may grow, which will cause an increase in the negative balance of trade.

—The considerable increase in foreign exchange reserves. Over the first eight months of 1995 these reserves reached \$17.5 billion for the banking system as a whole, or the equivalent of nine months of payments for imports. They derive chiefly from, in addition to foreign transfers and direct investments, the rapid growth of cross-border trade and the replacement of foreign exchange deposits with zloty deposits, owing to the rising appreciation of the zloty.

Federal

FRY: Leaders Say Economy Lacks Capital, Assets

*LD2702004996 Belgrade TANJUG in English
0013 GMT 27 Feb 96*

["Pool" item]

[FBIS Transcribed Text] Belgrade, Feb 26 (TANJUG) — The Yugoslav economy lacks accumulated capital, revolving assets and hard currency, the premiers of Yugoslavia and of its two republics and the Central Bank governor said on Monday.

Furthermore, it is burdened with public spending outlays, Yugoslav Prime Minister Radoje Kontic, Serbian Premier Mirko Marjanovic, Montenegrin Premier Milo Djukanovic and National Bank Governor Dragoslav Avramovic said.

They agreed that urgent systemic laws were necessary in order for foreign capital to find its way to the Yugoslav market now that the sanctions against the Federal Republic of Yugoslavia (Federation of Serbia and Montenegro) were suspended.

Systemic laws, primarily in privatisation and market liberalisation, are also a basic precondition for Yugoslavia's reintegration in international financial institutions, they added.

Without this reintegration, and without their capital, there can be no recovery, financial consolidation and further development for the Yugoslav economy, said a Yugoslav Government statement released after the meeting.

The officials said that, since the beginning of the year, industrial production in Yugoslavia had been on the rise, the national currency — the dinar — was stable, and the central hard currency reserves had been increased.

However, they added, there has been a drop in foreign trade and prices are rising.

FRY: Milutinovic, Bulatovic on Foreign Policy Priorities

*LD2602180396 Belgrade TANJUG in English
1648 GMT 26 Feb 96*

[FBIS Transcribed Text] Podgorica, Feb 26 (TANJUG) — The president of Montenegro, Momir Bulatovic, and Yugoslav Foreign Minister Milan Milutinovic, agreed in Podgorica Monday that the normalization of relations with the former Yugoslav republics, and the solution of the problems of succession and of continuity, were Yugoslav foreign policy priorities.

The office of President Bulatovic said that the talks reached the conclusion that Yugoslav diplomacy should

build a more active, modern and efficient way of asserting and protecting the interests of the Federal Republic of Yugoslavia in the international community.

During his stay in Podgorica, Milutinovic examined with the foreign minister of Montenegro, Jeknic, a number of issues linked to concrete cooperation and coordination between the two ministries.

Serbia

Serbia: Minister Says Privatization To Improve Economy

*LD2602175096 Belgrade TANJUG in English
1606 GMT 26 Feb 96*

["Ecopool" item]

[FBIS Transcribed Text] Belgrade, Feb. 26 (TANJUG) — Privatization in Serbia must secure better social and living standards and make the economy more productive and operational, Serbia's Minister of Entrepreneurship Radoje Djukic has told TANJUG.

'If we proceed from this, it will not be hard to find an adequate solution for our conditions through a combination of existing models of the privatization of social and state property,' Djukic said.

He said enterprises must have the freedom alone to decide on the ownership reform.

Djukic said that in the existing situation of a vague property structure, large sums of socially-owned capital were being lost through a speculative siphoning of funds.

He said there was a great potential in about 400,000 private firms and shops, but called for a rational preservation of large socially-owned economic systems on 'new and right foundations.'

'The private sector already accounts for about 90 percent of the turnover and over a half of the social product is created outside socially-owned firms,' Djukic said.

He said private employer was as a rule more rational and tried to provide better pays and keep good workers.

Commenting the opinions that private entrepreneurs were more prone to work on the grey market, Djukic said the state, itself, sometimes took measures which made private businessmen defend themselves against the pressure coming from the state.

The extremely high contributions and taxes of 120 percent per pay are flouted by falsely hiring employees for only half a work day or reporting minimal pays, Djukic said.

According to government figures, in addition to the 530,000 registered employees in the private sector last year, there were 17-20 percent more working illegally.

Serbia: Army Bank Account Frozen Over Debt

AU2602214696 Bad Vilbel VESTI in Serbo-Croatian 24 Feb 96 p 4

[Report by D. Radivojevic: "Yugoslav Army's Bank Account Frozen!"]

[FBIS Translated Text] The bank account of the Yugoslav Army was frozen early this week! Nobody is ready to confirm or deny this in many ways unusual and so far unprecedented situation in which the Yugoslav Army has found itself. Still, in circles close to the army leadership, unofficial rumors say that the news is probably accurate.

Those who are better informed offer some proof as well, and even the army organ VOJSKA indirectly wrote about it (25 February), revealing the observations of two leading people in charge of finances. The head of the Direction for Finances and Budget with the Federal Defense Ministry, Major-General Borivoje Jovanic, and the head of the Directorate for Finances with the General Staff (the so-called 5th Directorate), Maj.-Gen. Zivorad Vujicic, pointed out, that, in addition to a retrospective review of the adoption of this year's budget, this year, the Yugoslav Army has also been dragging a 350 million dinar debt from 1995 as well.... According to some data, the Yugoslav Army's debt in the first 20 days of February amounted to 400 million dinars.

Lawsuits

The problem arose when court rulings on the enforceability of the Yugoslav Army's debts were made. The agony of the Army over unsettled financial commitments toward suppliers began to assume a clearer shape in mid-1995. Certain lawsuits dating back to then have been crowned recently with enforceable court rulings. Suppliers who filed lawsuits demanded that the Army's account be blocked, so they can finally settle their claims. It ought to be said that those are not dealers in arms or military equipment, but rather suppliers of basic, everyday requirements.

The mechanism is, as a matter of fact, the same as in many other cases: The account remains frozen until the commitments are met, that is, until incoming means to the account exceed the amount of the outlays. The well-informed point out that, unlike the 400 million dinar debt, the Army's cashbox only contains 1 million dinars, without any chances of making any considerable changes in that respect soon. Judging by this bit of

information alone, the Yugoslav Army is facing its greatest problem and challenge so far.

In view of all this, it is becoming clearer what is behind the dry and trite explanation issued at the meeting of the Supreme Defense Council on 15 February, at which, reportedly, the financing of the Yugoslav Army was discussed.... Or, perhaps, everything has become clear, but still hard to understand.

Possible Fractures

Our source points out that, even with the best of intentions, it is difficult not to add a political background to the entire problem, which, however, is a topic to be discussed on some other occasion. The statement of the governor of the National Bank of Yugoslavia several days ago that he will not allow the printing of any new money, a considerable amount of which would pour into the budget cashbox as well, makes the problem even more difficult.

Connoisseurs of the circumstances state their assessment: The situation is so difficult that the very bottom has been reached, so it is quite unlikely that a way out could be found without major fractures, and most probably, quite soon. Which means, in the first place, that the state must finally take a definitive attitude regarding what kind of army it wants, and consequently, how it will finance it.

[box, p. 4]

The Yugoslav Army has been facing a huge drain of cadre over the past years. One of the basic motives is low wages, but, until a few months ago, they were at least being paid regularly. Now, however, a new problem has appeared — irregular payments. The second part of the January wage was paid with a 14-day delay. As for the first part of the February wage, which should have been paid in mid-February, nothing is certain yet. Rumors say that the discontent caused by such a development is becoming greater and greater, and it is becoming increasingly difficult to keep it closed behind the barracks gates.

Serbia: Independent Media To Set Up Network

AU2602174096 Belgrade NASA BORBA in Serbo-Croatian 26 Feb 96 p 20

[Unattributed report: "It Is Time To Form a Parallel Information System"]

[FBIS Translated Text] Belgrade — The association of 25 local newspapers in Serbia is working on creation of a joint informative network at the moment. These newspapers are supposed to be receiving FONET and BETA

information on a daily basis, sending their own information to these agencies, as well as exchanging information. This was stated by Ofelija Backovic, secretary general of the Independent Association of Journalists [NUNS] and former editor-in-chief of Radio Pancevo, at Saturday's session of the Belgrade Circle. The circulations of these newspapers (from 2,000 to 6,000) are, according to Backovic, not insignificant. Kragujevac NEZAVISNA SVETLOST and Belgrade VREME have the same circulation of 6,000 copies. Backovic believes it is time to create a parallel (information) system.

Vesna Vujic, a member of NUNS and a POLITIKA correspondent, spoke about the private VRANJSKE NOVINE issued by some 15 or so people. According to Vujic, this newspaper's circulation is about 2,000 copies, whereas the same number of copies of POLITIKA or VECERNJE NOVOSTI is sold on a daily basis in Vranje alone. This newspaper, Vujic says, has been put under great pressure over the past two months. "Many firms are forced to withdraw their advertisements from newspapers, yet they are still continuing to help them," Vujic says. The aggregate circulation of all the independent media in Serbia, according to data stated by Gordana Logar, chairwoman of NUNS, is about 70,000.

Rade Veljanovski, member of the executive board of NUNS, points out that Studio B, Kragujevac SVETLOST, and BORBA are being strangled by laws. Those laws, Veljanovski stresses, are confusing and incomprehensible, and the authorities have made them such precisely in order to be able to use them as they find it suitable. He believes that the media, both the independent and the state-run ones, are supposed to serve the entire society. The freedom of media, Veljanovski concludes, should make possible the articulation and confrontation of different ideas and interests, whereas society ought to assess those interests and ideas and adopt the most suitable ones.

At Saturday's session of the Belgrade Circle, a Video Nedeljnik broadcast was shown that was supposed to be aired last Saturday in its regular time on Studio B. Gordana Susa, editor of Video Nedeljnik, said she would continue doing the show, recording it on video tapes. According to Susa, Dragisa Kovacevic, the newly appointed acting editor-in-chief and acting director of Studio B, demanded 30,000 dinars, that is,

9,000 German marks, to broadcast Video Nedeljnik on Studio B.

Kosovo

Kosovo: Report Views Krajina Refugees' Job Prospects

AU2602175596 Belgrade BORBA in Serbo-Croatian
26 Feb 96 p 4

[Unattributed report: "Easier To Get a Work Booklet"]

[FBIS Translated Text] Pristina — According to data from the Chamber of Commerce of Kosovo and Metohija, slightly more than 4,000 refugees from Krajina have found employment in this province, which is one fifth of the total number of refugees settled in Kosovo.

The greatest number of refugees work in Pristina — around 1,000. The greatest number of them are skilled and semi-skilled workers, but jobs have been found even by 150 Krajina refugees with university degrees. Several doctors of sciences from Krajina have also found new jobs at Pristina University. Among those who have found jobs in Pristina is Jovan Kablar, former member of the presidency of the Krajina Chamber of Commerce, who is now working as an adviser to the Chamber of Commerce of Kosovo. He is in charge of the coordination of activities regarding the employment of Krajina refugees.

Kablar points out that a great number of refugees want to settle down permanently in Kosovo because, as he says, these people feel that, after six centuries, the Krajina Serbs have finally returned to their centuries-old homeland.

He claims that an additional 4,000 Serb refugees from Krajina may soon find jobs in Kosovo and Metohija.

In the Trepca plant alone, around 300 skilled workers of various fields can get employment immediately. The same number of workers can find jobs in the Sara plant near Kacanik, as well as in the Feroniki plant in Glogovac. More than 300 workers are needed by construction firms, 200 are needed by textile industry in Pristina, and 250 are needed by Wood Processing Industry in Urosevac.

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